



Credit

AND FINANCIAL MANAGEMENT

MAR. 1941

What Is the Best Letter?—Page 6—Selling Perishables—Page 9
Speeding Approval of Orders—Page 12— Possible Changes in
Bankruptcy Law—Page 14—Cash Discounts—No. 1 Headache—Page 20

CHECK & PASS

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“Proof of the Pudding..”

..... IS A TIME-PROVED ADAGE . . . THAT'S WHY WE'RE PARTICULARLY PLEASED BY THE FOLLOWING COMMENT IN A LETTER FROM A MEMBER OF THE ASSOCIATION ACKNOWLEDGING A SERVICE RECEIVED FROM THE WASHINGTON SERVICE BUREAU:

“I feel that the service you have rendered us was worth far more than our yearly subscription to the Association. In fact this service is one of the best ever put out for our class of trade, in my opinion.”

..... THIS MEMBER OF THE NATIONAL ASSOCIATION OF CREDIT MEN—AND SCORES OF OTHERS—HAVE PROVED THE VALUE OF THIS NEW WASHINGTON SERVICE BY USING IT

Washington Service Bureau

National Association of Credit Men

The Bowen Bldg., 815 15th St., N. W. Washington, D. C.

•

C. F. BALDWIN, *Manager*

THE HOME INSURANCE COMPANY NEW YORK



STATEMENT • DECEMBER 31, 1940

Admitted Assets

Cash in Office, Banks and Trust Companies	\$ 24,549,296.62
Bonds and Stocks	87,947,462.42
First Mortgage Loans	371,827.00
Premiums uncollected, less than 90 days due	9,393,129.47
Reinsurance Recoverable on Paid Losses	1,241,546.24
Other Admitted Assets	223,654.08
	<hr/>
	\$123,726,915.83

Liabilities

Capital Stock	\$15,000,000.00
Reserve for Unearned Premiums	55,020,615.00
Reserve for Losses	8,192,729.00
Reserve for Taxes	2,350,000.00
Reserve for Miscellaneous Accounts	670,974.12
Funds and Securities Held under Reinsurance Treaties	178,218.08
NET SURPLUS	42,314,379.63
	<hr/>
	\$123,726,915.83

NOTE: In accordance with Insurance Department requirements—Bonds amortizable are carried at amortized values. Insurance stocks of affiliated companies are carried on basis of pro-rata share of Capital and Surplus. All other securities at Market valuations. Securities carried at \$3,078,370.00 and cash \$50,000.00 in the above Statement are deposited as required by various regulatory authorities.

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AND FINANCIAL MANAGEMENT

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How To Acquire Wisdom

Wise men know, others find out, there are certain unchangeable rules of conduct that cannot be violated without suffering. Sooner or later we all make this discovery. As we rush onwards, and we hope upwards, in our race toward oblivion, it begins to dawn on us that we can benefit from the other fellow's experience; and we come to appreciate, among other things, that successful insurance companies embody the cumulative wisdom of many men over many years.

Individuals can acquire some of this insurance wisdom. You don't have to go to night school to get it. You don't have to spend hours in intense study. All you have to do is seek the advice of insurance companies which are "Time Tried and Fire Tested."



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Pay Day!

S A Massachusetts man received a \$1,000,015.25 check a few weeks ago from the Department of Agriculture for sanding his cranberry bog. He sent it back. Due to a clerical error, it was exactly one million too much!

By coincidence that happened the same week when U. S. wage earners were receiving income tax blanks, with a reminder that exemptions for single and married taxpayers are lower this year—and an additional line on the tax form reading “Defense Tax (10% of Item 17)”.

Pay day is here. But the individual is paying out, not receiving.

That Massachusetts cranberry grower, in a way, typifies all of us. We have all in recent years been “benefiting” from deficit spending for various *domestic* programs. Now we are witnessing better business stimulated by deficit spending for *defense* purposes. But most of our *extra* earnings—whatever they may amount to—plus a larger part of our *regular* returns are going to go back to government. And this March 15th marks only the beginning.

We are about in the position of a man who has been making many expenditures that he now suddenly realizes are beyond his means. Determined for his own salvation to make certain new expenditures, he sees that if he had husbanded more of his resources the impact of the new load would be less severe.

To sit down, however, and regret his past prodigality is no solution. He is face to face with an enormous bill covering defense of his home and government, a bill he knows he must assume if he is to feel safe.

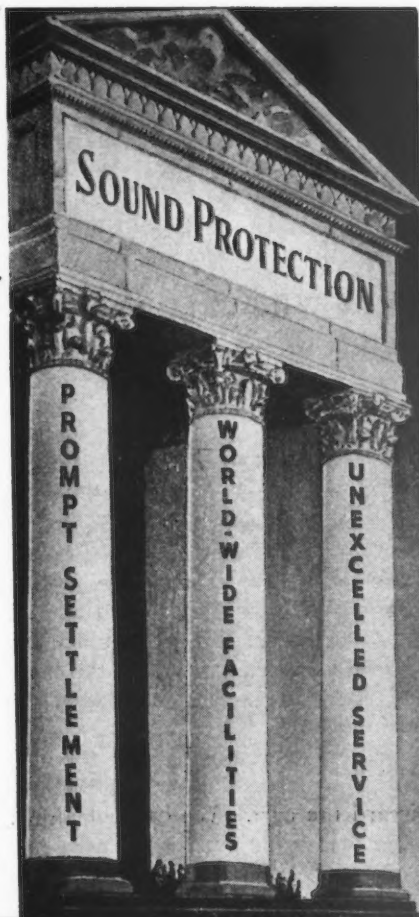
Let us hope that he makes the one decision he should make under these circumstances, that he is determined to pay the bill through honest labor and some sacrifice. Then his prodigality will not have been entirely without return, for in his new determination he will have rediscovered the necessity of thrift and sacrifice.

That realization, it is true, has been bought rather dearly. And we in this nation must make the first of many down-payments on March 15th. The bill collector is knocking at the door!

Henry H. Heimann
Executive Manager, N.A.C.M.

A STRONG STRUCTURE

The benefits accruing from business conducted on a sound conservative basis are readily apparent to all in times of emergency. Departure from a tested course of action may pass unnoticed as long as there are no clouds in the business horizon nor destructive conflagrations, but when the inevitable storms appear financial weakness will probably develop if sound stable procedure has been forgotten.



ON A STRONG FOUNDATION

Each conflagration, each business depression has left the companies of the Commercial Union Group still protecting the property of their policyholders, still meeting every obligation unfailingly and promptly. This record has justly earned for them a reputation for courage and business integrity not surpassed by any organization serving the American public and business world. Further proof of their stability is given in the figures below.



UNQUESTIONED FINANCIAL STRENGTH

UNITED STATES RESOURCES AS OF DECEMBER 31, 1940

	* TOTAL ADMITTED ASSETS	RESERVES FOR LIABILITIES	POLICY- HOLDERS * SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (see note below) ADMITTED ASSETS	POLICY- HOLDERS SURPLUS
Commercial Union Assurance Company Ltd.†	\$13,976,690	\$7,037,185	\$6,939,505	\$1,035,604	\$14,257,309	\$7,220,124
The Ocean Accident & Guarantee Corporation Ltd.†	18,442,360	12,771,250	5,671,110	921,312	18,980,099	6,208,849
American Central Insurance Company	7,216,463	2,753,440	4,463,023	395,907	7,455,417	4,701,977
The British General Insurance Company Ltd.†	1,304,563	481,214	823,349	641,274	1,403,700	922,486
The California Insurance Company	5,123,419	1,761,201	3,362,218	343,909	5,334,057	3,572,856
Columbia Casualty Company	8,604,420	4,688,584	3,915,836	693,380	8,836,036	4,147,452
The Commercial Union Fire Insurance Company	2,873,544	1,108,470	1,765,074	288,334	2,969,896	1,861,426
The Palatine Insurance Company†	3,158,505	1,214,470	1,944,035	636,800	3,285,335	2,070,865
Union Assurance Society Limited†	2,626,509	1,209,660	1,416,849	641,987	2,700,022	1,490,362

†U. S. Branch

*If all Bonds and Stocks owned were valued on the basis of December 31, 1940, Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.

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What Is the Best Letter?

There Is No ONE Letter to Fit A Situation

Of the writing of articles and books about collection correspondence, there is no end. We may well carry this paraphrase of scripture a little farther and add that all too often much study of these articles is, in very truth, a weariness to the flesh. There are in general two kinds of people who write about business letters: practical men who have been writing successful letters themselves and who wish to pass on to others the benefits of their experience, and professional critics who have examined many letters and who have developed a fine set of theories as a result. For some reason, both these groups exhibit a decided tendency to use the "example" method. "Here is a good letter," they say, "go thou and write one like it."

No doubt there is much to be said for this "example method." It has sound pedagogical theory behind it. It does, however, have a very unfortunate effect upon business men who read these articles with understandable eagerness. It tends to spread the idea among collection correspondents that there is a rule of thumb, a formula, a magic key to successful letter writing. It suggests that there is a way to write. It ignores a lesson plainly taught by the pages of literary history. That lesson is that when one school of writing becomes firmly established, no really great writing appears until some pioneer breaks new ground and starts out afresh with new forms and with a new spirit in his writing. That is why we studied in school the *Ages* of literature, one age succeeding another.

New Spirit Brings Action

IT is just as true in business correspondence as in other fields of literature that human interest is caught and held by a new spirit. When the old, established forms have been followed too long, the reading public must be awakened by that which has

By **WILBUR K. McKEE**
Associate Professor of Business
English, New York University

not been done before in just that way. We must not forget that the great body of debtors which reads collection letters in American business is a reading public. It must be treated as such. It must be aroused and its interest awakened in pretty much the same way as that in which the book and magazine publishers appeal to their public.

Success in writing follows the new paths. This does not mean that we discard the past. We can not afford to do that. We build upon what has been done before. We learn from our predecessors. We familiarize ourselves with methods that have worked well for many years—methods of gaining the attention of a reader and of inducing him to take a desired action. It does mean, however, that each writer must learn that his message must be delivered in *his own* way, not in the way that proved successful for some one else. Good writing is above all else original writing.

ing. It is the product of the personality of its writer; it comes directly from his own experience and from his own knowledge of human nature. Business letters are successful only if they express in writing the success that their creator has himself experienced in his personal relations with business associates.

Danger Lurks in "Examples"

YEARS ago in lectures and articles I leaned heavily upon examples. "Here," I said, "are some good letters. Here also are some bad ones. Now I will tell you why the good letters are good and why the bad ones are bad." I was following good educational practice. But I soon found that while my listeners were avoiding the bad ones all right in their business experiences, they were not producing the good ones. And avoiding bad things does not by any means guarantee the achieving of good—a principle that applies to writing just as much as it does to morals.

In recent years I have tried to develop in my students of business correspondence what I do not hesitate to call *the creative faculty*. I have tried to develop in them a sense of taste and a critical judgment. I have sought to have them use the experiences of others only as grindstones on which to sharpen their critical judgment. By discussion of examples I have sought to set up not standards but incentives. In plainer words, I have sought to teach the simple fact that successful collection letters are always written in accord with this principle:

Each man must write his own letter in his own way.

Let us read, therefore, all these books and articles. Let us discuss them, analyze them, weigh them. But let us not copy them.

Some years ago I found a very good collection letter, written by a friend of mine who is outstanding in

This Is the Second
of a Series of
Articles on Business
Correspondence
Which Will Appear
in
Credit and Financial
Management
The First Article by
Mr. McKee Appeared in
the January Issue

his success as a collection letter writer. I read this letter aloud in my lectures. I published it in a business periodical. It found its way into a text book, written and published in a distant city. It made the rounds of New York City. Just the other day a young man showed me a letter which he said his boss had written. He said the boss wanted my opinion of the letter. I had to say it was good—it was the same letter. It has been floating about in credit circles all this time, used no doubt in good faith by some men who did not realize that they were copying, for they made some slight change in wording at each use. Sometimes it was changed a little; sometimes it was changed drastically. But it is always essentially the same. I wish now that I had never started it on its way. Surely it has long since lost most of its effectiveness.

"Be Yourself in Writing"

LET us not hesitate to be ourselves. Charles Dickens was told by his friends that if he persisted in publishing a certain kind of book in a certain way—in monthly parts—he would surely fail. He listened to his friends, but he followed his own ideas. One can not blame him for triumphing openly over those friends for many years. They had been wrong; he was right. Following his own ideas made him the most popular writer of his day.

But you say, "what if he had been wrong?" The answer is easy. He would have tried again in another way. True, a business man can not afford to keep on trying one method after another until he hits upon a successful one. But it is also true that he can not afford to keep plugging along in the paths that others have worn—and not too successfully at that.

Several weeks ago a city Association of Credit Men took a poll on what they wanted to read about in CREDIT AND FINANCIAL MANAGEMENT as a help in their letter writing. Not all of them wanted the same thing by any means. Their spokesman voiced their desires in a very good letter in which he said, among other things, that he thought it would be a good idea to print in an article an average letter, criticize it, and then rewrite it to show how it should be done. An excellent idea, and perhaps in a future article we will do



Not Just Any Message That Is Dictated Under the Pressure of Business But the Very Best Letter You Can Write—One That You Would Like to Receive Yourself

just that. But now we are trying to make the point that in reality there is no such thing as any one way of writing any letter. Instead there is a technique to be followed, and certain desirable characteristics are to be borne in mind.

There Is No One Good Letter

THERE is no *one* letter that is good in any one situation—except perhaps it may be the best way to handle a specific problem, at a given time, written by one man—good for that time and for that one man alone. Next time a new letter will be required for a similar situation.

This city Association handed in 35 requests for help in correspondence. Of these, ten were interested in requests for financial statements and references, seven wanted letters asking for refund of discount taken on net bills, eight wanted a letter to use when a customer exceeds a credit limit, eight wanted help in offering constructive suggestions to custom-

ers, and there was one request each for turn-down letters and for adjustment letters.

As we said before, we shall not attempt in this article to tell *how* these letters should be written. Perhaps a later article may do something of the sort. But we wish at this point to make a few comments on the four requests that were so nearly even numerically.

First, let us not forget that all four of these situations call for nothing but friendly, simple, conversational statements, avoiding stiffness, artificiality, and involved wording. They should seem as much like friendly oral conversations as possible. When you wish to say something to a customer, just say it—pleasantly.

A Doctor Asks Advice

THE other day a doctor asked me a strange question. He said, "I have a patient who consults me frequently. She is very, very talkative. She has asked me not to send her

bills, for she will pay the fee for each consultation at the time of the visit. But often she talks so constantly that she forgets to offer to pay me. How shall I ask her for my fee without offending her?" I am sure he thought I was a little crazy; for the only answer that I could give was—"Just ask her."

Let us not complicate a simple situation by worrying about it. All four of the situations suggested by the group are basically simple. Let us look at each one separately.

In my opinion, there is only one good way in which to ask for a statement and for references. That is to go to the expense of having constantly on hand a supply of adequate forms, attractively printed and so planned that they cover all the information requirements of the firm using them. When these forms are used, the covering letter need be no more than a pleasant, courteous request to have the form filled out. If the first request is ignored, the blank or a similar one may be sent again with another courteous request. There is no reason why it should not be sent again and again. Not only does this simplify the letter that must be written, but also the reader is moved to act by the power of suggestion. He is not offended. He is very likely one of those normal human beings who have a sneaking liking for filling out printed forms, especially when the forms have been well prepared, with due regard for artistry as well as for the need for adequate information.

Printed Forms Not Objectionable

I HAVE heard many objections from men in certain lines of business that the invariable use of printed forms, with a covering letter, is not practicable in their work. Never yet, however, have I found these objections really valid. Never have they been important enough to outweigh the advantages gained by using a more simple form of letter.

The second request of the group was concerned with letters asking for refund of discounts taken on net bills. Many of our readers will remember that CREDIT AND FINANCIAL MANAGEMENT conducted a contest four years ago on this very problem. In the hundreds of letters submitted there were almost as many ways of making this request as there were letters. The winning group had no

Do You Check With Professor McKee?

If you have different ideas on business correspondence than those given in these articles, let us hear from you.

two letters that were alike in any way. But certain fundamental principles were observed in all. They were not curt and abrupt, not too short; they contained complete explanations of the problem involved. They were natural and conversational in tone; they were courteous. They were written by those who respected the laws of the English language and who knew how to use that language. The contest taught us vividly and concretely that there is no one way of handling a normal business situation.

The third request had to do with the letter to be written when a customer exceeds a credit limit. Many credit men seem to consider this a difficult situation. Actually, I believe, it is somewhat easier than other forms of collection. An over-order indicates that the customer is already "sold" on the house and its products. It shows that he wishes to remain on the white list. His very order gives one the chance to write constructively, for every letter of this type can stress the great desire of the seller to send on the order. The request for payment can so easily and so naturally be subordinated to the expression of a desire to ship the goods. "We know that you will help us to get these goods to you at once."

Credit men are always trying to find a way of softening the full force of a request for payment, of tempering the negative effect of a letter with a positive suggestion. In this situation the positive suggestion is made to order. The letter can seem to be almost entirely about the desire to get the goods on the way. Needless to say, the blunt fact that a *credit limit* has been reached can be kept in the background; sometimes it need not be mentioned at all.

Why Give Advice in Letters?

AS I discuss the fourth request, I can hear the howls of protest coming up from all parts of the country. I know full well that I am disagreeing with many credit men whose opinions about credit practice I thoroughly respect. Nevertheless, I am going to venture a statement that must in all frankness be made about

this type of letter. The question is, "How shall I write a letter containing constructive suggestions to a customer?" The answer is simple. Don't do it at all.

I am not ignorant of the emphasis on credit education, nor of the responsibility of the credit man toward his customer. I am giving this answer now to collection letter writers only. It is to them, while they attempt to collect money, that I say, "don't do it."

Everybody likes to give advice. Nobody likes to receive it. Every man is an embryo preacher, who loves to straighten out the weaknesses of his fellow man. Every man resents it when some one else does the same thing to him. We will tolerate and even welcome preaching when it comes from those whom we pay to preach to us. We will seek an education from our properly appointed teachers. But gratuitous advice we invariably resent.

We Do Not Like Advice

UNDOUBTEDLY there is a place for credit education of the customer. But that place is not in collection procedure. As a matter of simple fact, if I were now a practicing credit man, I would never, never give "constructive suggestions" to my customers. I would value too highly as business assets their good opinion, yes, even their affection. I would remember that I have never liked a person who gave me "constructive suggestions." Even when I asked for them, I didn't like the person who gave them to me.

In these four situations, as in all business correspondence, we should remember that we are "talking" to a fellow human being. Talking for the moment by means of a letter, but talking just the same. We should use our own personalities; we should avoid saying things "in the same old way." We should talk to others as we would have them talk to us.

Why not give every one of our letters a simple test before we use it? Have the office girl put the letter in an envelope, address it to our personal home address, and mail it. Then read the letter when it arrives, as much as possible as if it came from some one else.

Is it the kind of letter you like to get? If so, use it. Is it the kind of letter you don't like to get? If so, throw it away and write another.

Selling Perishables on Credit

Huge Risks — Small Losses on 17,000 Carloads of Fruit

OF Before discussing the issuance of credit in the Fruit Auction business and the regulation thereof, it will probably be best to give a brief outline of our "modus operandi." In Philadelphia, the sale of fresh fruit by the Auction method dates back to 1860. In New York, it dates back to 1823. Our business is entirely different from most lines with which the average person is familiar. Because the commodities we handle are perishable, it is necessary to take unusual credit risks—risks which are so large at times that they would cause the heart of the most hardened credit executive to skip several beats.

To give an idea of the volume sold through Auction in this market, our sales in 1940 aggregated over 17,000 refrigerator carloads. Citrus fruits, such as oranges, grapefruit, lemons and tangerines from California, Florida and Texas are loaded 400 to 460 boxes per car. Deciduous fruits, such as pears and apples, are loaded 780 boxes per car, while grape, plum and cherry cars usually contain over one thousand packages. Bananas are approximated at 400 stems to a carload.

Two Groups of Buyers

OUR business is divided into two distinct sections and we have two separate groups of buyers. One of these buyer groups specializes in bananas exclusively. The larger group handles packaged merchandise, such as citrus and deciduous fruits which originate in California, Oregon, Washington, Idaho, Texas and Florida.

Bananas arrive in refrigerated steamships from Haiti, Central America, islands in the Caribbean and other tropical ports. Upon arrival, bananas are graded as they are unloaded. Part of each shipload is

By **CHARLES B. WEIDMAN**
Credit Manager, Philadelphia Terminals Auction Company.

placed on trucks, or drays, and sold at auction for local consumption. The remainder is usually loaded in cars for shipment to distant points. Each dray or wagonload will contain from 85 to 175 stems, according to size and quality. The average weekly sale of bananas at auction is about 30,000 stems, or approximately 75 carloads. Sales are held at the pier on Mondays and Thursdays.

When we first sold bananas at auction, it was not considered advisable to require financial statements from our customers, although it has always been one of our requirements from other purchasers. When we finally asked for statements, we found previous fears to be well founded, for we learned that we had been selling to many who were barely solvent. Some could not fill in the blanks and a great number of forms returned were hardly legible. However, our losses from bad debts in this group have been very small,

which makes me believe that most people at least have the desire to pay their bills and stay in business.

60,000 Boxes of Fruit in a Day

OUR greatest volume is composed of sales to the jobbing and retail trade purchasing citrus and deciduous fruits. Sales are held daily except Saturday and Sunday. The average offering on Monday, which is our heaviest day each week, usually consists of about 100 refrigerator carloads, containing between 50,000 and 60,000 boxes of fruit. An area of about 150,000 square feet of warehouse space is necessary to unload the offerings. A catalog is printed for each and every carload and buyers examine all lots in advance of sale time. We do not handle this fruit for our own account nor do we receive anything direct. All of this merchandise is sold for the account of local receivers and agents for various grower cooperatives.

Shipments are unloaded during the night and the most perishable commodities are unloaded last. Our catalogs show full manifest of each



Office and Storage Plant



Buyers Inspect Fruit Before Bidding

shipment on which buyers make their personal notes of quality and condition to guide them in making purchases.

Hours of sale vary as to season and two auction rooms operate at the same time. One room is designated for citrus fruits while deciduous fruits are sold in the other. A large and regular clientele attends all sales. Practically all local handlers of perishables are represented in this group, from the large chain retailer down to small jobbers and small groups of retailers. We have a number of brokers also, who buy not only for local customers, but for the trade in upstate Pennsylvania towns as well as South Jersey, Maryland and Delaware. Some of our fruit even goes as far south as Norfolk and Richmond, Va.

Bidding Is Competitive

THE buyers bid vocally or by sign, which means that the auctioneer must have an exceedingly quick eye and be thoroughly familiar with the trade, the merchandise and the market. Bidding is highly competitive and continues until the highest bid for each car or lot is reached. An average sale on a Monday will last from three to five hours, depending on the division of the merchandise and the length of catalogs. Speed in handling perishables is naturally an essential factor. Our auctioneers will sell from ten to fifteen carloads per hour, varied by the number of packages in a car, the number of lines on a catalog, and the activity of the demand.

Representatives from the several cooperative grower exchanges, receivers' and shippers' agents are on hand to record all sales and keep in touch with buying conditions. In fact, while a given car is sold, the representative of that car is on the stand with the auctioneer and he has the privilege of withdrawal if he feels that prices are not up to expectations. Disinterested reporting agencies also keep a record of all sales as they are consummated so that prices can always be verified.

Delivery starts within a few minutes after a given car is sold, for clerks send delivery catalogs to the platform as soon as each catalog has been sold and the sale checked. Within a few hours, the auction buyer can complete delivery to his customers so that the fruit bought in the morning can be displayed for sale to housewives that same afternoon.

Not Distress Merchandise

THE Fruit Auction is not an outlet for distress merchandise but is the only known method by which such a tremendous volume of perishable merchandise can be sold efficiently to an assortment of all kinds of buyers. Here all prices are public, all buyers are on an equal basis and may bid competitively until their requirements are fulfilled. Through this open method of sale, there is no possibility of one person or firm being favored over another. Imagine, if you can, a force of salesmen large enough to handle this tremendous volume of merchandise in such a short period of time.

At Fruit Auction sales, the buyer is privileged to take no less than one unit of twenty boxes, but can buy the entire carload at the high price if he so desires. Thus, one purchase may amount to from \$50 to \$1,000, according to the commodity and the load. One sale of this kind does not usually constitute the buyer's entire purchases for that day or week. Some of our customers purchase up to \$50,000 weekly.

While Fruit Auctions operate in ten of the largest markets in the country, Philadelphia was the first to undertake promotional work. For almost two years, we have been promoting retailer acceptance of our commodities through the distribution of Retail Bulletins, which now reach almost 10,000 retailers in the Philadelphia trade area. Through this Bulletin we give the retailer some timely information about our commodities and pass on ideas about how to better display them. We are continually urging all jobbers or intermediate handlers to give better service to their trade so that the retailer can handle fresh fruits constantly at a profit. Thus, we are trying to make Philadelphia a bigger and better market for the commodities we sell.

95% of Sales on Credit

THE Auction policy of extending liberal credit to all worthy buyers naturally aids rapid distribution. Complete Auction accountings are made within 24 hours and we take all credit risks. This enables sales agents or receivers to make prompt returns to the grower or organization for whom they are handling the merchandise. About 95% of all sales are on credit basis. Unrestricted competition is quickened and distribution materially broadened by this credit policy. With the enormous diversified and ready outlets together with unlimited credit facilities, the Auction makes it possible for buyers in Philadelphia to efficiently handle and economically distribute all fruit the consuming public will buy.

Now that our method of sale has been briefly outlined, we pass to the management of credit. Through the years, we have managed to keep very close to our trade and know pretty well how much merchandise each firm will normally buy, so we have nominal credit limits. Our sales

progress so rapidly that time does not permit discussion of credit to our customers with a credit committee. Due to the perishable nature of our commodities, there is no opportunity to replevin or repossess them after the merchandise has been hauled away from our platforms.

We ask for a financial statement from each of our customers once a year. On that statement, we set a credit limit, but this is more or less flexible since the volume of our sales cannot be approximated. An average weekly offering is around 250 carloads. Prices are determined by supply, demand, quality of merchandise and often by weather conditions. In the event of over-supplies, we must make it possible for our customers to buy the entire offering by increasing credit limits temporarily. These limits in themselves can often be affected by prices, for during cold weather lemons may sell for \$4 a box and on hot summer days the price may reach from \$12 to \$14 per box.

Where Character Means a Lot

WE insist on financial statements from all new customers and this is a regulation from which we will not deviate. We investigate and analyze each application carefully, being particularly attentive to the background of the prospective customer. We are as much concerned with the customers' moral responsibility as we are with the ratio of

quick assets to quick liabilities. A ratio of two to one is considered good and on this basis we are willing to assume a fair risk unless the prospective customer's background is not good.

They Know the Value of Credit

MANY years ago I decided to operate our Credit Department along lines that may not be practical in other industries. It was necessary to instill confidence and respect in the minds of all the trade. With this in mind, we encouraged a close personal contact and suggested that they come to us for assistance and advice whenever necessary. When they find themselves in difficulties or have problems they cannot solve, many buyers come to my office where we can discuss the subjects and find means to help them. We recommend accurate records and accounting systems to all buyers and that they maintain daily and weekly inventories, profit and loss statements and all other requirements that are necessary to operate a business profitably.

In this way, our customers are made to realize the value of credit and that it is a thing which can be lost if held too cheaply. In most cases, they are proud to have established credit with us. We also make an effort to educate our trade by advising them about their credit relations with the trade to whom they sell, how to make collections and how to maintain credit regulations of their

own. In fact, we cooperate with them as much as we can in credit investigations and on occasion we have even collected bad accounts for them.

Conditions such as I have outlined cannot be brought about overnight, but a program of this kind pays big dividends. It is not my intention to create the impression that we act as guardian for our customers, for such is not the case. In all transactions, our own interests must come first and bills must be paid, and paid promptly. Returned checks will not be tolerated and we do not permit sympathy or personal feelings to interfere with our judgment. We try to treat all in exactly the same manner.

During the past fifteen years, our company has never taken a case to court. In most cases of failure, the cause has been an honest one. We feel that our appraisal of the customer's background and moral standing has been largely responsible for this fact.

We are members of the Philadelphia Product Credit and Collection Bureau, whose membership comprises all factors in the fruit and produce industry who are in good standing. Meetings of the Credit Committee of this Bureau are held weekly and a booklet of delinquent accounts is sent to each member to guide him in the issuance of credit. This system could well be copied in other lines of business.

PHILADELPHIA TERMINALS AUCTION CO.



R. E. McCANN, DISTRICT MANAGER

INDIAN RIVER FRUITS

JANUARY

1941

		F C E 5199, Refrg.
		Car No.:-
		Via, Mmt. - B&ORR
Lot 22 Sten. 22		
Sealdsweet		
FLORIGOLD	Natural Color	
GOLDEN	Pineapple Oranges	
2720 1-126 2-150	3 Boxes	
2721 6-176 11-200	17	
2722 216	25	

PHILADELPHIA TERMINALS AUCTION CO.

CALIFORNIA FRUIT GROWERS' EXCHANGE

E. M. GOODWIN, DISTRICT MANAGER

CALIFORNIA FRUITS

JANUARY

1941

Tulare County	L A
Fruit Exchange	
	P F E 36828
	From Sunland, California.
	Via, B. & O. R. R.
Sunkist	
GOOD CHEER	Washington Navels
3508 126	33 Boxes

Sample Pages from Daily Catalogue of Offerings

Speeding Approval of Orders

System Devised for Handling 5,000 Accounts

CF We sell to some 5,000 accounts scattered throughout the country — tobacco jobbers, wholesale grocers, and chain stores. To eliminate confusion in the Accounting Division and to speed up approval of orders, we desired some type of index file for the Credit Division that would take up a small space and yet furnish the necessary information for approving the majority of orders without referring to accounts receivable ledger cards. After investigating a num-

By B. W. L. BLANTON, 3rd

Assistant to Credit Manager, Larus & Brother Company, Inc.,
Richmond, Va.

may be received from time to time on this particular account, is recorded on this card.

The initial order is then sent to the Order Division to be entered in the usual manner; thence to the Accounting Division for preparation of the ledger card. All postings of

charges and credits to the ledger card are accomplished by a bookkeeping machine.

The Accounting Division also prepares a 3 x 5 card on the account. These cards are filed al-

phabetically by states, cities, and customers' names; and constitute our mailing list. Addressograph stencils are prepared from these same 3 x 5 cards by the Mailing Division, and these stencils are kept in the same alphabetical order as the cards. By having our mailing list set up in this manner, we can circularize our entire list of customers; or, if the occasion demands, just those in any given city or territory.

The small credit index cards are set up in the file alphabetically by customers' names; and because they are in a permanent file, it is more practical to insert information on them with pen rather than on the typewriter. The cards are of three colors, as follows:

Buff—For customers whose credit information and our past experience indicate to be good. These customers always discount, and constitute the greater proportion of our accounts.

Salmon—For customers whom we ship on a sight draft basis. A very small number of accounts fall in this

Doe John Co		New York N Y	
75-125M Hi	4/39		
DISCOUNTS	12/39		
125-200M Hi	2/40		
FIRE-INSURED	4/40		
200-300M Hi	1/41		

ACME VISIBLE RECORDS, INC. ACME NO. 3 3/4 x 2 1/8 - SVB

ber of systems, we selected the Visi-Filer manufactured by the General Fireproofing Company. The entire file holding some 5,000 names takes up a space about eighteen inches square. This file is fitted into a movable pedestal about two feet high so that it can be referred to easily while one is seated and also so that the entire file may be rolled into our vault at night.

When an initial order is received, it is routed to the Credit Division for investigation. After the information on the customer has been assembled, the Credit Division then prepares a small index card, 3 3/4 x 2 1/8, showing the name of the customer and the city and state in which he is located. All information, together with any information that

NEW YORK, N.Y.

JOHN DOE COMPANY
13 LUCKY STREET

1ST SALE--JUNE 4, 1939

Above (Left) Quick View Record Card Mentioned by Author and (Right) the Information Card Supplied by Accounting Department

category.

Blue — For customers on whom we cannot get complete information, or on whom information would not warrant our extending unlimited credit. Before orders for these customers are released, we always check the accounts receivable ledger card and such information as we might have. Only a very small proportion of accounts fall in this classification. Because a customer may be listed on a blue card does not necessarily mean his credit is not A-1, for in many instances we simply are unable to obtain complete information—for example, the firm may be just starting in business and has no previous record to investigate. Many accounts in this classification discount their bills promptly; but, of course, the few accounts that may at times be tardy in remittances or on whom information is not satisfactory are listed on blue cards.

Orders for customers in the first and second categories can be shipped without further investigation. Because the majority of the orders received are for accounts with buff cards, it is necessary to refer to ledger cards on only a very small proportion of our orders.

In addition to the three colors of cards, we use "flags" which are inserted on the top of the cards to indicate special handling, or other special or unusual information.

The success of a system of this kind depends on assembling as much information as possible and analyzing it promptly. Credit ratings and all data pertaining to credit are noted on these index cards without delay. It requires about one hour a day of one clerk's time to put this information on the cards and to make the necessary changes as they occur. Information from credit reports is analyzed, summarized, and placed on the respective customer's card. In addition to this, we attempt to check the credit ratings of all customers at least once a year—more often if possible—and the *trend* of these ratings is very beneficial to us as a guide to the progress the firm is making.

We have found this system not

JOHN DOE COMPANY
13 LUCKY STREET
NEW YORK N Y

CARD No. 3
ACCT. No. 106

DATE	REMARKS	FOLIO	DEBITS	CREDITS	BALANCE
JAN 10 41 SA		40242	12438		12438
JAN 15 41 SA		42657	13635		26073
JAN 17 41 SA		43721	18495		44568
JAN 20 41 CR				12438	32130
JAN 22 41 SA		44830	6222		38352
JAN 25 41 CR				13635	24717
JAN 27 41 CR				18495	6222
JAN 31 41 SA		46123	10044		16266

FORM O-29

Sample of Ledger Card Which Is Kept in Accounting Department and Because of the Information on the Small Visi-File Need Not Be Disturbed or Sent to the Credit Department. Note What Mr. Blanton Says About the Use of Different Colors on His Visi-File Cards

only saves time in approving orders, but avoids interruptions in the Accounting Division by eliminating approving orders from ledger cards. With the use of this system, we have found that a minimum of 250 orders an hour may be approved and credit checked.

The foregoing system applies only to customers within the United States. We also sell our products to practically every country in the world that permits the importation of manufactured tobacco and cigarettes; but because of the complications involved

in export business, we have an entirely different system for handling orders for foreign countries.

Mr. Blanton was inspired to send in the above summary after reading the article in the November issue on "Straight-Line Speeds in Credits," by Harry Wilkinson of the John B. Stetson Co., of Philadelphia. May we hope that Mr. Blanton's presentation will inspire others to tell of their credit office systems.

Recommends Bankruptcy Changes

Attorney General's Committee Asks Salaried Referees

AN Other milestone in the development of the nation's bankruptcy system was reached in January with the presentation to the Congress, the Supreme Court and the Attorney General of the United States, of the report of the Attorney General's Committee on Bankruptcy Administration. Major recommendations in the report favor greater control and regulation of the courts of bankruptcy by the Administrative Office of the United States Courts and a new method of appointing and compensating referees in bankruptcy.

The Attorney General's Committee on Bankruptcy Administration was appointed in April, 1939, with the then Solicitor General, Robert H. Jackson, as chairman, and a membership including the then Circuit Judge Robert P. Patterson (now Assistant Secretary of War), Jesse H. Jones, E. H. Foley, general counsel, Treasury Department, Jerome N. Frank, chairman, Securities and Exchange Commission, Willard L. Thorp, representing the Department of Commerce, U. S. Attorney William J. Campbell (now U. S. District Judge), Associate Justice Thomas McAllister of the Michigan Supreme Court, Dean Lloyd K. Garrison, University of Wisconsin Law School, Dean Francis Shea, University of Buffalo Law School, and Max Lowenthal, Counsel to the Senate Committee on Interstate Commerce. Messrs. Thorp and Lowenthal later resigned from the committee.

Dean Shea was the Committee's first Director but, upon his subsequent appointment as Assistant Attorney General, his place as Director was taken by Charles A. Horsky, of the District of Columbia Bar. Later, upon the appointment of Mr. Jackson as Attorney General, Dean Shea was named Chairman of the Commit-

tee. George L. Elpern and Leon Frechtel, of the New York bar, were named Assistant Directors of the Committee.

Scope Is Limited

IT is understood that the Committee originally planned to make detailed studies of numerous aspects of the bankruptcy law and administration but it was later decided to limit the scope of its work largely to two major subjects:

- (1) The coordination and supervision of bankruptcy administration; and
- (2) The referee system.

Presumably, the extensive work of the National Bankruptcy Conference and Congress which led to the enactment of the Chandler Act obviated the necessity of the committee's consideration of many technical parts of the Bankruptcy Act which were changed and improved by the Chandler Act.

Shortly after the appointment of the committee, a bill was introduced in the Senate to place bankruptcy referees on a salary basis and grant certain powers over the appointment and compensation of referees to the Attorney General of the United States. That bill was carefully studied by two committees of the National Association of Credit Men and the Association's opposition to the bill was later announced publicly. That opposition was directed not to the principle of placing referees on a salary basis but against the vesting of the proposed powers in an administrative agency of the government which is often a party in interest in bankruptcy cases and against certain inadequacies and

inequities which were found in the bill as drawn. No action on the bill was taken by the Senate Judiciary Committee to which it had been referred.

NACM Cooperation

DURING the months of work by the staff of the Attorney General's Committee, representatives of the National Association of Credit Men maintained contact with members of the staff of the Committee and were able, on several occasions, to supply information and suggestions concerning matters of interest to creditors. The full cooperation of the Association and its experience with matters of bankruptcy administration were tendered to the Committee.

The National Bankruptcy Conference, of which the National Association of Credit Men is a member, cooperated in a similar manner. Toward the end of the Committee's deliberations, that Conference held a general meeting in Washington which was attended by Dean Shea and members of the Committee's staff and at which there were extensive discussions of many matters which were being studied by the Committee as well as the recommendations which the Committee was planning to incorporate in its report.

That meeting of the National Bankruptcy Conference gave its general approval to the proposed recommendations of the Committee dealing with greater supervision of bankruptcy administration but deferred action on the recommendations concerning the appointment and compensation of referees until those recommendations could be discussed at more length between members of the Committee's staff and a special committee representing the National Bankruptcy Conference which con-

sisted of J. I. Weinstein, of Philadelphia, David Teitlebaum, of New York, and the writer. Subsequently, those representatives of the National Bankruptcy Conference and of the Attorney General's Committee reached an agreement on the proposed recommendations dealing with the referee system and a report of that agreement, submitted by the Bankruptcy Conference Committee was approved by a majority of the members of the Conference.

Two Main Features

PARTS I and II of the report of the Attorney General's Committee deal, respectively, with the necessity for responsible and coordinated supervision of bankruptcy administration, and with the necessity for full-time salaried referees in bankruptcy. They contain the descriptive and historical material and the opinions on which the Committee's recommendations are based. A summary of those recommendations follows:

(1) Set up, in the Administrative Office of the United States Courts, (which functions under the United States Supreme Court and the Conference of Senior Circuit Judges) a Division of Bankruptcy, headed by a chief to be appointed by the Director of the Administrative Office. The Division would have a staff of experts, including attorneys, research workers and investigators.

(2) The Division of Bankruptcy would assist the Director in making periodic and frequent examinations and audits of the affairs of referees and other bankruptcy officials; collect and compile significant bankruptcy statistics; investigate and observe the operation of the rules and practices of bankruptcy administration to discover the most satisfactory rules under the various conditions existing throughout the country; receive and investigate complaints and suggestions with respect to bankruptcy administration and bankruptcy officials; recommend changes in the Bankruptcy Act to Congress, changes in the General Orders and Official Forms to the Supreme Court and changes in local bankruptcy rules and local practice and procedure to the district courts and to referees; and inaugurate and maintain a system of full-time salaried referees and supervise and maintain their offices.

(3) The power of selecting and

appointing referees to remain in the district judges but, in districts with more than one judge or where the territorial jurisdiction of the referee extends over more than one judicial district, the appointment to be made by joint action of a majority of the judges, or by the Senior District Judge where no majority exists, unless the majority, by rule or standing order, shall otherwise provide.

(4) The number of referees to be substantially reduced, and each put on a full-time basis.

(5) The exact number of referees and the territory of each to be determined by the Director of the Administrative Office of the United States Courts after a careful study of conditions throughout the country as a whole, and of such local conditions as the area, the population, transportation and communication facilities, the type and amount of bankruptcy work in prior years, the existing personnel and the amount of funds available for salaries.

(6) The number of referees and their respective territories may be changed from time to time, and referees may be transferred from one area to another within the same judicial circuit when necessary.

(7) Each referee to be paid a stated salary in an amount between the limits of \$3,000 and \$10,000 a year. Each salary to be determined by the Director of the Administrative Office upon consideration of the average number and types of cases closed and pending and the average amount of gross assets realized for the preceding five year period in the territory over which the referee is to have jurisdiction, and other factors.

(8) The salary of a referee may be changed as changes in conditions warrant, but shall not be reduced during the tenure of any referee below that at which he was originally appointed, nor reduced during any term below that which it was at the beginning of that term. A referee's salary could not be changed more often than once every two years.

(9) In case of incapacity or at the age of seventy, after ten years service as a referee, the referee could retire and receive annually thereafter during his life an amount equal to one-half of his salary in the year immediately preceding his retirement. Such benefits to be paid by the United States.

(10) The term of referees to be

six years.

(11) Removal of a referee during the term for which he is appointed could be only for misconduct, inefficiency or neglect of duty. Removal to be by the district judge or judges who appointed the referee, upon the written recommendation of the Director to the judge or judges, or by such judge or judges upon his or their own initiative. Both the judges and Director to specify in writing the grounds upon which their action is based. Either the referee, if a removal be decided upon by the judge or judges, or the Director, in any case, could seek a review of the judge's action by the Circuit Court Judicial Council.

(12) The Director is to report in writing to the District Judge or judges near the end of the term of each referee, recommending his reappointment or non-appointment upon the three grounds mentioned above. If his recommendation is not accepted, the Director could seek a review of the recommendations by the Circuit Court Judicial Council, and in the event of failure of reappointment, the referee could request a similar review.

(13) Salaries of referees and expenses of their offices to be paid by the United States from funds derived from charges against bankrupt estates, collected by the clerks of the district courts, and paid into the United States Treasury.

Seek to Lower Costs

CREDITORS are, of course, very much interested in the cost of maintaining the bankruptcy system. In that connection, the Committee's report points out that the gross cost of maintaining the referee system, both by way of compensation of referees and the expenses of their offices, is now approximately \$2,000,000 annually. The Committee states that under the recommended system it may well be considerably less than that. Under the Committee's recommendations the present system whereby the referee is entitled to a filing fee of \$10.00 plus a 1% commission on all sums actually distributed to creditors would be abolished. According to the modified scheme of charges proposed by the Committee, a filing fee would be collected by the clerk and transmitted to the United States Treasury. The 1% commission would be replaced by a fixed graduated charge, with the

amount of the charge varying according to the categories of the assets realized and actually paid creditors.

A Referees' Salary Fund, which the Committee proposes shall be set up in the United States Treasury, would be derived from a \$15.00 filing fee on each case, including "pauper" petitions; a charge of $\frac{1}{2}\%$ of the total paid or to be paid in compositions and extensions; all special masters fees, and a graduated fixed charge on asset cases. The Committee proposes tentatively a scale of such charges ranging from \$5.00 on cases with assets of from \$250.00 to \$500.00 to \$4,000 on cases with assets of \$500,000 and over.

A Referees' Expense Fund, established in the United States Treasury, would be supported by a \$15.00 charge on each case; certain charges on Chapters IX, X and XII cases, to be determined by the Director of the Administrative Office after careful study; and a fixed graduated charge on asset cases. The Committee proposes that such charges should range from \$5.00 on cases with assets of from \$1.00 to \$250.00 to \$4,000 on cases with assets of \$500,000 and over.

Judges Make Recommendations

THE Committee also recommends that the Director of the Administrative Office be empowered to increase and decrease, as necessary, the graduated charges which the Committee proposes, with a statutory limitation on the amount to which the charges could be increased or decreased.

A special session of the Conference of Senior Circuit Judges was held in late January to consider this report. At that meeting, which was presided over by the Chief Justice of the Supreme Court, the Judicial Conference approved certain of the Committee's recommendations and submitted recommendations concerning others. Specific approval was given to the recommendations dealing with the establishment of a Division of Bankruptcy in the Administrative Office of the United States Courts and the general examining functions of that office and to the recommended abolition of the fee system and the establishment of full-time referees at fixed salaries. The Judicial Conference, however, recommended that the Director of the Administrative Office make a nation-wide survey to deter-



The Attorney General's Committee Asks Closer Supervision of Bankruptcy Courts

mine whether part-time referees on a salary basis should be appointed in any sections of the country. It also recommended that the Judicial Conference should be authorized, upon the recommendation of the Director, to determine the number of referees, their territories, their salaries, and any changes which may be made with respect to these matters. A few other recommendations of the Conference dealt with other aspects of the appointment and removal of referees.

Perhaps of more importance to creditors was the Judicial Conference's recommendation that no special masters fees under Chapters IX, X or XII should be allowed and that the deficiency in revenue resulting from the abolition of such fees should be made up by a substantial increase in the amount of the graduated fixed charges on asset cases.

There appears to be some misunderstanding as to the meaning of the last-named recommendation of the Judicial Conference. As worded, it would appear to mean that, so far as special fees are concerned in Chapters IX, X and XII cases, the burden would be borne by additional charges imposed on the assets distributed in straight bankruptcy cases. Such a proposal, if adopted, would result in materially increasing the cost of the administration of those

cases and would undoubtedly be objectionable to creditors.

By the time this article appears, legislation embodying the recommendations of the Attorney General's Committee, perhaps with some changes, will probably have been introduced in Congress. The legislation will, of course, be carefully studied by the National Association of Credit Men which will present its views on the bill when Congressional hearings are held.

It appears to be the general opinion of those who have been close to the work of this Committee that its basic recommendations should produce definite improvements in the administration of the Bankruptcy Act. One major result would be to establish a career merit system for bankruptcy referees with adequate supervision of their functions and full protection of the right of referees to protect themselves against unwise or discriminatory administrative action.

The success of these proposed changes will, of course, ultimately depend on the ability, wisdom and fairness of the officials appointed to administer the functions recommended by the Committee. That fact seems to be clearly recognized by the Committee and it is to be hoped that the appointments which will be made will reflect that recognition.

America's Most Interesting City

New Orleans Is Credit Congress Host City in May

ONE does not have to be in New Orleans for long before realizing that the usual course of growth of the American city, a trend towards a definite standardization that results in a marked similarity among all of them from the smallest to the largest, has not taken place there in the same degree that it has elsewhere.

The first impression of the visitor is that in New Orleans he has discovered something unique. It may be that he finds this something difficult to grasp in its entirety for it is not due altogether to the fact that the architecture of several sections of the city is quite unique, or the sharp contrast of these sections with the modern city, or even that the mode of living of the inhabitants, their philosophy of tolerance, a live and let live outlook on life, is different.

Whatever the reason, or reasons, they go back to the very early days of the city, during the French and Spanish regimes, when those races implanted on the young city a personality altogether different than did the Puritans in New England, the Dutch in New York, the Quakers in Pennsylvania or the Huguenots along the south Atlantic coast.

Not only did they find and develop a city that from a physical standpoint was to be hardly matched in what is now the United States, but they also gave to it a collective temperament that was very much antithetic to that found in the rest of the country generally.

New Orleans has been an American city for over a hundred and thirty-five years, but it was a Latin city for nearly a hundred years before that and it should be remembered that it is still one in a large measure in architecture, in government, in people and in spirit.

The Latin influence, of course, is most evident in the Vieux Carre, or as it is popularly known, the French Quarter. To many, New Orleans and the Quarter are practically synonymous yet this viewpoint is not altogether correct even though the Quarter does contribute to a very large degree to the charm of the city as a whole. There is no other section, it is true, with the possible exception of the Garden District, in which New Orleans' distinctiveness is had in such concentrated form, for within the comparatively small area which it encompasses is all the romance and picturesqueness that can be desired of an ancient civilization, ancient, that is, as far as American cities are concerned.

There one can capture all the old world atmosphere of early New Orleans, very much as it was at the turn of the nineteenth century when the French handed over the vast territory of Louisiana to the young American republic. The straight, narrow streets lined with structures of a strange architecture, the delicate wrought and

cast-iron tracteries which adorn the balconies hanging over the sidewalks, the mysterious looking alleys and passageways and the strange, pungent odors in the neighborhood of the famous French Market, all of these and more contribute to a strange, exotic setting, fascinating not only to the visitor, but strangely enough even to the native.

Undoubtedly, the most interesting part of the French Quarter is in the vicinity of Jackson Square, the old Place d'Armes, the name of which was changed in 1849 because an influential old lady, the baroness Pontalba, included General Jackson among her heroes. At any rate, the Square was at one time the heart of the old city and around it were grouped, in accordance with the plans of Adrian de Pauger in 1728, several of the most important buildings of the original city. As was natural, in or near this square took place most of the city's important historical events, notably the consummation in 1803 of the Louisiana Purchase that was the turning point not only in the history of New Orleans but of the United States.

Much of the charm of Jackson Square is due to the symmetrical arrangement of the buildings on three of its sides with the position of honor held by old St. Louis Cathedral built in 1794, its triple spires casting long shadows over Chartres Street and into the landscaped grounds of the Square. On one side is the Cabildo, constructed shortly after the Cathedral, with funds supplied by Almonester y Roxas so that the Spanish governing body could have a suitable place in which to convene, their previous home having been destroyed in the great conflagration of 1788. On the other side of the Cathedral is the Cabildo's twin, known as the Presbytere, on which construction was begun at about the same time, but which remained uncompleted for many years because of Almonester's untimely death.

On either side of the Square are the famous Pontalba buildings, presumably the first apartment houses in America, built by the Baroness Pontalba in 1850. The apartments were considered wonderful structures in their day and if some of their freshness has gone with the passage of time, they have secured a charming, faded picturesqueness in their old age. Constructed of red brick, the two buildings are each a block in length and two stories in height and their long galleries are adorned with some of the finest cast-iron work in the city. In their high-ceilinged rooms lived for a time such notables as Jenny Lind and W. M. Thackeray.

Jackson Square is by no means the only point of interest in the French Quarter, although it is the focal one. With the exception of certain sections along the fringes which have been commercialized and one or two others in which residences have been constructed in compara-

tively recent times, the entire Quarter is pregnant with romantic traditions, picturesque architecture and colorful atmosphere.

Strolling along one of its narrow streets one comes across an odd, plantation type home known as Madame John's Legacy famous for being the oldest residence in the Mississippi Valley. Vieing with it in age, some say it is the older, is the Ursuline Convent, begun prior to 1727 but not believed to have been completed until 1734. Throughout the original city are many old buildings, none quite as ancient as those two, of course, which are exceedingly interesting not only because of their age but also because they are constructed in a style not seen anywhere else, reminiscent of old Spain and old France.

It is interesting to note that when churches, theatres, residences and public buildings were finally permanently constructed, they were of an architecture combining features of that of France and Spain, modified to a certain extent by local climatic and topographic conditions, and thus were, in reality, in the style of a well-advanced civilization, transplanted in the New World.

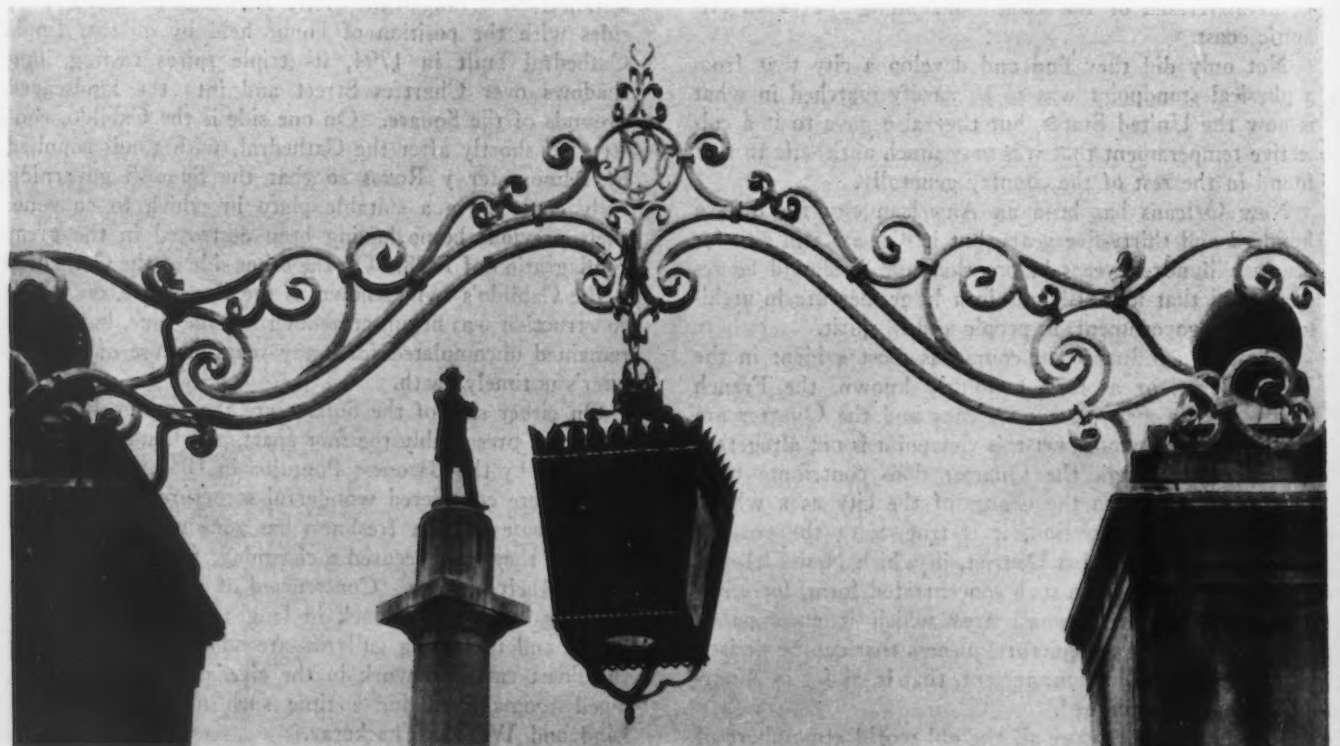
When the Americans came in 1803 New Orleans, then, was an established cosmopolitan city with a fairly advanced civilization, in tone a miniature Paris. Simultaneously with the beginning of the American domination and the opening of the Mississippi Valley New Orleans experienced an abrupt change—in commerce, government, population and mode of living. Along with the astounding growth that took place within the next two generations, a development that reached its climax in the decade before the Civil War when it was one of the two or three leading cities in the United States, a great many physical changes took place.

As was to be expected a conflict immediately arose between the original Latin inhabitants of the city and the new American settlers. This tragi-comic feud influenced the city's development to an appreciable degree, for no sooner did the Americans realize that they were being ostracized than they moved across Canal Street with their shops and homes and founded what was almost a different city.

Since that time the city has expanded considerably in all directions, in fact to such an extent that it is in area the fourth largest city in the country. But, remaining from the period in which the Americans and Creoles made faces at one another, although it should be noted that their social antipathies did not prevent them from cooperating, as a rule, in things relating to the good of the community, is a beautiful section of the city called the Garden District which many consider equal to the French Quarter in charm. Certainly its fine residences are more elaborate and substantial if not as quaint.

The District really dates from 1816 when the plantation of Francois Livaudais was inundated by the floodwaters pouring in from one of the last crevasses in a New Orleans levee with the result that his land was, to his dismay, covered with a fine river sand to a depth in some places of three feet. While ruefully surveying the effects of the disastrous flood he was approached by some land speculators who wished to subdivide the plantation into residential plots since, it seems, the added elevation and the porousness of the sand made it easily drained and very desirable for a residential section. Livaudais agreed, and the Garden District came into existence.

There is quite a contrast between the Quarter and the District. In the older section of the city the houses are



Standing on a lofty column, the General Robert E. Lee bronze statue offers an impressive sight to the visitor. Said to be the finest statue of General Lee in the country, the 16½ ft. figure clad in full regimentals stands with arms folded and the South's mighty leader is gazing into the distance, as if watching a battle. The figure weighs almost 7,000 pounds and was cast in six sections. The head alone weighs 350 pounds.

The Lee monument is located on St. Charles Avenue in uptown New Orleans. St. Charles Avenue is one of the thoroughfares that form part of the 55-mile floral trail in New Orleans. (Photo from Bureau of New Orleans News.)

closely massed, in fact run one upon the other, and are flush with the sidewalks, this congestion, it is explained, having been achieved purposely in order that the narrow streets would be shaded from the sun's rays the major portion of the day. In the place of gardens and landscaped grounds surrounding the homes the early French and Spanish inhabitants employed the courtyard or patio, a flagstoned area planted with semi-tropical plants and either completely enclosed by the house, or by part of the house and high, vine covered brick walls. These charming little spots, always cool and refreshing, are, from a garden standpoint, among the most attractive in New Orleans and certainly are the most picturesque and appealing.

Those who built in the Garden District, however, did so in an entirely different manner. Their homes, huge affairs with rooms whose ceilings were 16 to 18 feet from the highly polished cypress floors, were set in large garden plots, in some cases encompassing an entire square, and around their property they built fine iron picket fences on which grew beautiful vinery. Built on a grand scale, their homes showed more of the Greek influence, especially those built in the decades before the Civil War, than of the French and Spanish which was characteristic of the picturesque French Quarter.

At the same time that these homes were being constructed still another type of architecture made its appearance. Along Bayou St. John, a short, winding stream that empties into the lake, the cotton and sugar planters built their great plantation homes, unfortunately only a few of which have been able to withstand the inroads of progress and still contribute to the charm of the region. Two stories in height, with the first floor usually flush with the ground, these gracious old homes are noted for the broad verandas that completely encircle them and the elegant furnishings of the interiors.

But it is not only with these relics of a glorious past that one realizes the true fascination of New Orleans. To the visitor, the modern city, with its wide streets and avenues, its spacious residences, its unsurpassed parks, its miles of docks, its great industrial plants, its fine shops and excellent restaurants, is a source of interest that, in a way, matches the charm of the older aspects of the town, especially as the sharp contrast of the two seems to heighten the attractiveness of each.

New Orleans is extremely fortunate that it has both the old and the new, for a place in which the old predominates gives off an appearance of decay, of lassitude and lack of a proper feeling for progress on the part of the inhabitants; and one in which the new has all the ascendancy, in American at least, appears immature, standardized, has no individuality of its own. New Orleans has a tempered, seasoned appearance that holds a peculiar appeal for the visitor.

It is an astonishing sensation, a never-ending wonder to visitors to walk through the streets of the old Quarter, to gaze at the ancient buildings, their delicate iron work gracing the sagging balconies, to study the angular shadows formed by the irregular structures on the narrow streets, to smell the strange, exotic odors, to look at the quaint architecture, the foreign-looking people, the shaded patios with drooping, banana trees and then by merely crossing Canal Street to find himself in an entirely new world, one of hustle and bustle, of modern stores and skyscrapers—it is an experience not to be forgotten, one not

felt anywhere else in the country.

Modern New Orleans is, in many ways, as interesting as the old. There are few things more fascinating than a drive along the miles of docks and wharves where one can see the lifeblood of the city, the port, the basis of the city's prosperity. Nearly a billion dollars of commerce moves over the sides of the ships that come to New Orleans from all the ports of the world—cotton, coffee, sugar, bananas, raw materials and innumerable other commodities—and it is handled with the most modern machinery, the intricate operations of which are highly interesting to watch. The port and harbor improvements are valued at over \$200,000,000 and include the world's largest cotton warehouse and coffee and banana terminals.

New Orleans is almost bisected by Canal Street, the widest and most beautiful business thoroughfare in the world. Three and a half miles in length the sixteen blocks that run through the business district, both sidewalks and neutral ground, are paved with terrazzo marble, and the street is lined with tall, artistic light standards each bearing three pear-shaped globes that give an extremely efficient street illumination system. Canal Street is a street of retail and department stores, as well as theatres and hotels.

New Orleans has experienced a great building activity during the past few years and some of the engineering marvels of the decade have been accomplished in this period. Shushan airport, considered one of the finest in the world, is built on land pumped up from the lake bottom and juts into the blue waters of Lake Pontchartrain like a giant arrowhead. The Mississippi River Bridge, a \$13,500,000 toll-free outlet to the west, was built where it was for long considered impossible for a bridge to stand.

Although the turbulent river has not run over the levees at New Orleans for well over a hundred years, an entirely new method of flood control was tested there in February, 1937, when the Bonnet Carre Spillway was thrown open and proved its efficiency by lowering the water level at New Orleans several feet. And along the lakefront a great land development has been going on for several years that is transforming a former marsh into one of the country's finest lakeshore park and residential districts.

Much of New Orleans' beauty and charm lies in the colorful plants and fine trees which spring from its fertile soil and give a park-like appearance to large areas of the city. Two of the public parks, Audubon and City, are devoted to retaining the natural beauty of the Louisiana scene and are replete with botanical specimens of great beauty and interest. Most striking feature of each are the large number of live oaks whose massive branches, draped with long strands of Spanish Moss, in some instances attain a spread of over two hundred feet. Throughout the city are found in great profusion such fine trees as the magnolia, oak, camphor, sycamore, cedar and pine and the neutral grounds of the wide avenues are landscaped with many varieties of plants, one of the most popular of which is the exquisite azalea.

There is no need for a dull moment in this city, as one will readily find when he comes here. Within the 200 square miles that is New Orleans, from the beautiful lakefront to the great curving river, are innumerable points of interest, modern and ancient, that emphatically explain why New Orleans is so widely known as America's Most Interesting City.

Cash Discounts—No. 1 Headache

Cause of Glee Among Aspirin Manufacturers

Cash discount "chisellers" are unquestionably the source of a great deal of revenue for aspirin manufacturers. The solution of the problem, however, presents itself in such a complicated way that it would be impossible for any one person to fully solve it.

As to the methods of preventing unfair taking of cash discount, I have personally tried all of those mentioned in Mr. Pennington's article which appeared in the February issue of *CREDIT AND FINANCIAL MANAGEMENT*; rubber stamps, stickers, printing, letters, charge-backs, telephone and statements. If the customer is a dyed in the wool chiseler these methods will be as ineffective as water over a duck's back.

First of all, it has been suggested that those who permit such practice are to blame. I most emphatically insist that in many cases at least, they are not; As examples, I would like to cite the case of Mr. "X." Mr. "X" is one of our best customers as far as volume is concerned. However, he does insist upon chiseling his cash discount regardless of whether he pays his bill in thirty, sixty, or even in some cases ninety days. When I call him on it and try to appeal to his sense of fair play and so forth, he conjures up some excuse which, though it is fantastic in most cases, serves the purpose as far as he is concerned and there the matter rests.

Case of Mr. "X"

MR. "X" does a nice volume of business for us and the loss of his business would be noticeable. On the one and only occasion when extreme pressure was brought to bear on him to try to straighten him out, he replied to the effect that if we didn't discontinue asking him for cash discounts which he took, he would sever all connections with our firm. His argument was that he had been

By **ROBERT C. FISKE**

*Secretary and Credit Manager,
Pittsburgh Reflector Company*

taking cash discounts on our invoices for several years without exception and he fully intended to continue. If we saw fit to make an issue of the matter, and if we didn't consider his business worth holding, he could very easily shift to another manufacturer. The unfortunate part of this statement is that he could shift to another manufacturer who would permit such practice.

Another of our distributors whose volume of business is better than average takes cash discounts indiscriminately. When letters failed to bring any comment I finally took the matter up with the salesman who calls upon this customer. The salesman's suggestion was that I take the matter up with the customer directly by telephone. This I did, explaining as discreetly as possible that the granting of cash discounts was being ignored by him and the thing had developed into a case of selling him on his terms. At the same time I pointed out that his practice represented a loss to us which it was unfair of him to expect us to assume. I also brought out the fact that such practice made both him and us liable to citation for discrimination. His reply, to the very word was: "We do a good volume of business with you. Our staff is under-manned and we can't get down to paying our bills promptly. Other suppliers are lenient in this respect and if you people can't overlook it, you can go to hell."

Not an Exceptional Case

SOMEONE may say, this is exceptional. On the contrary, this is not exceptional and whether they will admit it publicly or not, manufacturers are confronted with this very attitude throughout industry. I question

whether there is any manufacturer who is in a position to insist on payment of unearned cash discount to the extent of losing the customer, provided the customer is one of his better accounts. The manufacturer may boast that his is the only product of its particular quality. We believe we have the finest quality product of its kind on the market but there isn't any use kidding ourselves; there are other products in the same price and quality class that a distributor can buy.

In attempting to place the blame for this practice squarely on someone's head let's look back into this thing a bit. The most thorough method of solving the problem unquestionably lies in getting to the source of the difficulty. If a definite cause can be established for this slipshod method of business there is much more likelihood of solving it.

Our salesman contacts a prospective customer. He spends considerable time in explaining the advantages of our product over others, during which time he points out the advantages in doing business with us over a competitor. We have an unexcelled engineering department, our service is par-excellence, our line is much more complete, we have an unequalled reputation for results, and so forth, but not once does he go into the matter of cash discount. He explains our terms, if the customer asks what they are. Otherwise he is likely to forget all about that until the first invoice reaches the customer. Therein, in my opinion, is the source of the trouble.

Do Salesmen Mention Terms?

IF Mr. Salesman would take a few minutes to explain terms of sale, emphasizing the great saving to be made by taking cash discounts which we grant if the customer pays in accordance with such and such terms, the customer would be far more likely to start out on the right foot.

If brought to task, Mr. Salesman may insist that he does this very thing, but from experience I can assure you that if he does, he is an exception. In purchasing for my company I come in contact with a great many salesmen each week and I have yet to have any one of them mention terms of sale, let alone offer any line of sales talk in connection with cash discounts.

And so, the customer makes his first purchase. He gets his invoice and in due course remits, taking the cash discount. Mr. Credit Man then writes the customer explaining, as discreetly as possible, that he has taken the cash discount whereas he is not entitled to it. Therein begins a series of unpleasanties which, even though they may be ultimately straightened out, sometimes result in the loss of a customer, and at best leave a very unpleasant taste in his mouth.

From the above it isn't hard to conclude that I personally place the blame on the salesman in a great many instances. He hasn't truly done his job until he has sold not only his product but also his company's terms of sale. Had he done so he would have "spiked" any possibility of misunderstanding between customer and supplier.

Since the cause has been established, the next step is to work out a cure. In some cases, where companies hold national sales meetings, the cure could be effected very simply and easily by placing the credit manager on the program of speakers during such meetings. The credit manager could then very easily show the fallacy of not definitely pointing out to a prospective customer the terms of sale.

What Is Credit Status?

A PROGRAM designed to clarify the position of the credit man in connection with salesmen could be worked out in such a way that each salesman would come to realize the importance of stressing terms of sale to his customers. In such a program, it should be pointed out by the credit executive that unfair taking of cash discounts by customers is a loss to the manufacturer just as much as a bad account. The danger of becoming involved in Anti-discrimination Laws should also be pointed out to salesmen.

Another and perhaps more effective

What Are You Going to Do About Discount Chiselers?

In the past several issues we have printed articles about the evils of Cash Discount Chiseling. We all know this is what Mr. Fiske quite aptly terms "Credit's No. 1 Headache." Physicians try to find the cause of headaches and then find a remedy for the cause. In the April issue H. H. Kase, Credit and Collection Manager for Taylor Instrument Companies, Rochester, N. Y. presents a concrete plan for remedying the evil of Cash Discount Chiseling. We urge every reader to be sure to read Mr. Kase's article next month and join in his proposed plan.

ive way to put over the importance of terms of sales, to the salesman in the field, is to have the credit executive travel from time to time in the various territories, making personal contacts with each salesman. This method proves more effective inasmuch as it not only puts the story over to the salesman but at the same time brings the story home to the customer.

In conclusion, it has been my thought for some time that if there were a closer alliance between credit executives, perhaps the matter of cash discounts would be worked out more effectively. By alliance, I mean a credit executives' "interchange" wherein credit men might not only get together but might exchange views from time to time in sales meetings and so forth. The importance of the issue might be brought home more effectively for instance if a credit man were brought in from the outside to speak at such a meeting in conjunction with the firm's own credit man.

No. 1 Business Headache

THE entire matter of cash discounts unfairly taken is unquestionably one of the most serious issues confronting the credit man today. Besides representing a yearly loss of considerable proportion, such practice makes for unpleasant relations with subsequent loss of business. My personal viewpoint is that the cash discount is an antiquated business method which should be eliminated entirely. Originally, the cash discount was intended to bring about quick payment during a period when it was necessary to extend long term credits. The elimination of cash discount entirely would not only eliminate trouble, expense and general confusion in credit relations with customer but would also prove mutually more satisfactory both to consumer and manufacturer. Until such time as this can be effected, programs such as the above will definitely "ease the pain."

From Barter to Efficiency

Credit Interchange Proves Useful Tool

C As the lawyers usually say, "time is of the essence of the undertaking." In the matter of credit information, which I wish to discuss, time is almost the *whole essence* of the thing.

You have probably never had time to imagine what would have been your duties as a credit man if you had held your job fifty years ago. You may think you haven't time to do your job right now-a-days, and you are correct. If you had unlimited time to explore all possible sources of information about every account,—if you had the time to spend a long while getting acquainted with each customer and constantly associating with him, you would rarely take a loss. But, think of what your information difficulties would have been fifty years ago; what sort of reports could you get for opening an account?

Then it was a question of time writing long letters arranging to barter, and letters containing long paragraphs of opinion, setting forth discreet commendation or innuendo, to do the actual bartering of credit information. And then you had to read almost the *whole story between the lines*. Think of the mixed up business and social engagements the credit man had to keep. Confidences had to be worked out single handed and one at a time with competitors, with lawyers, and with bankers. Little wonder that the boss himself was usually the only one who could do the credit job. Some businesses that hesitate to take on another "membership" by joining the National Association of Credit Men ought to get the feel of the old time credit man's "membership" headache. He had to be into everything everywhere if he expected to find out what was going on.

We Travel a Long Way

WE have come a long way in our arrangements since that time. Inter-creditor confidence has been definitely acknowledged as the best

By L. A. McWHORTER

Vice-President Chattanooga Association of Credit Men, Miller-Smith Hosiery Mills, Chattanooga, Tenn.

policy. It has been a long struggle with distrust, with mistaken ideals of independence, and with some selfish bad faith; but these have been overcome. In the adoption of this policy, there have been two other main barriers—too many plans for making it work, and inertia—or just plain laziness. These last two are still with us. We are now in the process of battering down these last obstacles.

Credit Interchange Reports are increasing in both area and intensity. They are today the most reliable and most available guide for controlling and handling the marginal account. From the obvious method of round table exchange among the creditors discussing problem-accounts of the local area, the Credit Interchange Report is becoming an accurate picture of the total buying and paying habits of any customer on your books in any town in the whole United States. It tells you what lines he buys, in what quantities, in what markets, on what terms, and how he pays for each. It points out his main sources of credit and how he uses that credit.

A series of Credit Interchange Reports reveals not only what conditions confront the debtor, but also how he meets those conditions; if he has a handicap, the series-reports show what progress he makes to overcome the handicap.

A Cold Photograph

THERE is no chance to be misadvised by a Credit Interchange Report. It is a cold photograph of the facts. Of course, some ledger clerk may fail to expose the facts as they are, but that failure of one element does small damage to the composite picture. Most reports will be altogether true, and all reports will be

mainly true. That is more than can be said of any system of reporting based on a one-man, or one-institution, view which might be in any case out of focus as to the true facts, or taken from a distorting slant.

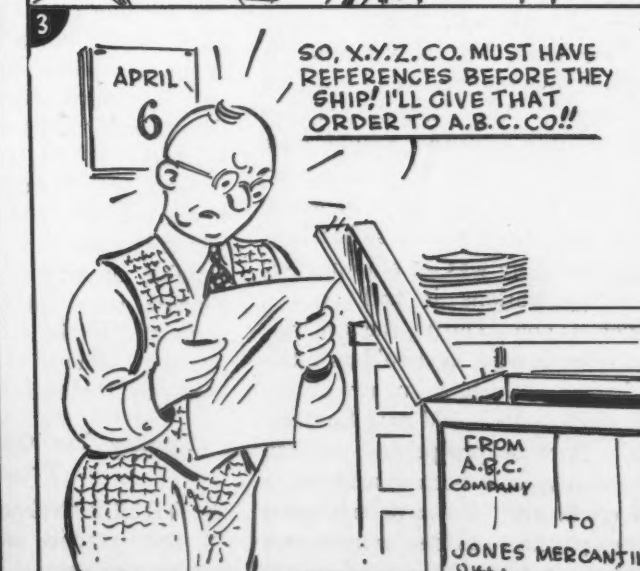
That brings me back to the two barriers I mentioned as being still with us—somewhat reduced, but still standing and slowing us down in our progress toward getting our job done in the time we have to do it. First, there is the confusion of too many plans for doing the job. Every morning's mail brings to you and me a stack of papers asking questions to which somebody expects us, in the proper spirit of cooperation, to look up the answers, write them down, and mail them back as quickly as possible. These papers are in many sizes and shapes—some postal cards, some letters written at length, some in stacks of slips in manila envelopes. Each kind represents a different plan for doing the same job. Sometimes in the same mail come two to a half dozen inquiries about the same account.

We are gaining headway against this barrier. It is not nearly as bad as it was years ago, when every single supplier of customer John Doe would have asked you directly—"How is he doing?", and expected you to take pen in hand and tell as directly as was then discreet whether he was "excellent," "good," "fair," "doubtful" or "unsatisfactory."

Why So Many Inquiries?

I WOULD personally be glad to see the day when we perfect our arrangements to the extent that any member of the credit profession could, in perfect good faith, decline all inquiries except Credit Interchange. It can be done and with no more taint of combination-in-restraint-of-trade than the practice among doctors of confining exchanges of medical technique to the members of their profession. No object of (Cont'd on P. 28)

Time Is a Basic Element of Successful Customer Relations, Especially When Orders are Received



Capital Values Affect Credit

Lack of Proper Depreciation Dangerous

By J. E. BULLARD

Special Writer

CAfter the stock market collapse of 1929, those banks holding as collateral for loans made, stock which was falling rapidly in market price, had to watch the depreciation of that collateral. As the market price fell, to protect themselves, they had to collect from the borrower, demand more collateral or sell that stock while it still would bring enough on the market to meet the loan.

In much the same manner any grantor of credit must watch the values which stand back of the credit he has granted. If there is no falling off in market value of the physical assets representing capital investment, a business can be liquidated at no probable loss to the creditors and little if any loss to the owner. If there is serious depreciation of the market value of these physical assets, the creditors may not be in any better position than those banks in 1929 would have been, had they continued to hold the collateral, without demanding more, until the market value had fallen to such a degree it could not be sold for enough to cover the loan.

Several years ago, a large manufacturing plant was closed and the company owning it went through bankruptcy. Any concern granting credit to this company should have been able to foretell such an occurrence and know that those to whom money was owed would suffer loss.

This company was an old one. For several generations it had been a prosperous one. During the last war, the dividends paid stockholders totaled about as much as many of the older stock holders had paid for their stock. Such a prosperous concern might easily have been considered a good credit risk, if the deterioration of the physical assets were overlooked.

THE facts in this case were that the total market value of all the physical assets in which capital had been invested failed to be maintained. At the time of the failure of the business, the buildings occupied were obsolete, the machinery in those buildings was even more obsolete, the power plant in which power was generated was verging on the antique. It not only was impossible to meet competition under such conditions but the business could not be liquidated for enough to pay all the creditors. That concern became bankrupt through the dissipation of capital. Part of what it had distributed among the stock holders as net earnings should have been used to maintain capital values.

One reason for this failure was taxes. There is no question that they were the final straw which broke the back of the company. The taxes it paid on property, that is machines, buildings and other physical assets, bore a much higher ratio to actual values than would have been the case had nothing been obsolete. The balance sheets showed a higher net income than would have been the case had the practice always been to deduct from gross the full annual depreciation. The result was that the concern was paying taxes on income it did not earn and on capital values which did not exist. Failure was inevitable in any case unless radical changes were made in the management and in the accounting methods but that failure, certainly, was hastened by the taxes paid.

Twenty Per Cent a Year on Trucks

A TRUCKING company adopted the practice of charging off twenty per cent a year depreciation

on all new trucks. After five years each truck was written off the books. However, some of those trucks continued to be used. They served nicely for pick up purposes around the city where high speed proved of no advantage. As long as they were used property taxes had to be paid on them but these were low enough not to prove of serious concern.

As taxes have gone up, as more kinds of them have to be paid and as different regulations are set up, the problem is not so simple. To take full depreciation every year and to make certain that full capital values are maintained, it may be necessary to take a capital inventory each year and to appraise each item at its real value rather than at book value. Unless this is done, there is danger that taxes will have to be paid on income that has not been earned and that it will not be possible to maintain full capital values out of income.

If a man has ten thousand dollars invested in his business, he must maintain a total physical value of ten thousand dollars if his capital is not to depreciate. The balance between his total outgo and his total income may be three thousand dollars for a given year. If the value of his physical assets has depreciated a thousand dollars that year, his real net is not the three thousand dollars but only two. If he is paying taxes on a three thousand dollars net and on a ten thousand dollars capital, he is paying to the government money which sooner or later should go to his creditors. He is not a good credit risk. In the course of time, his total capital may be dissipated.

Don't Kid Yourself on Profits

ANY business man who has failed to maintain his capital values never has been a first class credit risk, regardless of how much backing he may have had. It was only a matter of time until he went broke. He

is a poorer credit risk now, than ever before. Due to his bookkeeping methods he may be paying taxes on so much net profit never made he is driven into bankruptcy sooner than, otherwise, would have been the case.

That business man who conducts his business in such a manner as to hold his tax bill to the minimum is a better credit risk than a comparable business man who fails to do this. It is coming to be more and more apparent that to do this more detailed attention needs to be given to the capital account. No longer is it as good practice to use a rule of thumb method in figuring depreciation as it used to be. The practice which is coming to be urged to a greater and greater degree is to take an annual capital inventory and then to appraise each and every item at its true rather than book value. In this way, a much more accurate determination of the actual depreciation is arrived at. Also, the most economical practice in regard to replacements can be determined. That trucking company, already mentioned, may discover it is more economical to trade in trucks sooner toward new ones than it considered good practice before higher taxes and more taxes complicated matters. It may discover it will have to do so in order to maintain capital values from gross income.

"The Preliminary Report on Depreciation Study," a Bureau of Internal Revenue publication, gives a schedule of allowable rates of depreciation of property which is new when it is acquired. Examples of rates are $2\frac{1}{2}\%$ to 4% on factory buildings according to the kind of structures. On stores 2% to $3\frac{1}{2}\%$ according to structures. Automobile 25% . Trucks under \$1,000, $33\frac{1}{3}\%$; \$1,000 to \$1,500, 25% ; \$1,500 to \$2,500, 20% ; over \$2,500, $16\frac{2}{3}\%$.

Rates Are Only Averages

THESE rates have been worked out carefully by experts after making thorough surveys. The government authorities, at least, consider them accurate averages. Though they have to be accepted as the rates used for tax purposes, the fact they are averages gives rise to one risk, i. e., accepting them as the true depreciation. Averages can be defined as values which it is unlikely to fit exactly any given case. Another risk lies in the fact that nobody can predict the depreciation in value due to

obsolescence. Virtually any machine, any equipment, anything else used in business including stock for sale may be made almost if not quite valueless in a remarkably short time. Those stores which built up a large and prosperous business in radio parts, shortly after the last war, learned this when they discovered the large stocks they had accumulated were difficult to turn into any money because complete radio sets had killed the market for parts.

There is another factor in regard to these depreciation rates which deserves attention. There had been much controversy between business concerns and the government over the value for tax purposes of machines, equipment, etc., which using the government rates are fully depreciated but are continued in use. While the business concern insists these things should not be taxed at all or are taxed at higher values than they should be, the government holds that as long as anything is used it is taxable.

There is one small business man whose past practice appears to fit present conditions nicely. Ever since he has been in the business he has bought something new every year in the way of machines, equipment, fixtures, etc. It has always been his aim to have his total physical assets worth more at the end of the year than they were at the beginning. The result is that one finds nothing very old in his place of business. Certainly, there is nothing obsolete. He experiences little difficulty in determining actual values of the different items in his capital inventory. The chances are that he has already been negotiating for a trade-in or for the sale of anything that is more than two or three years old.

This practice helps this man keep his total tax bill down to where it should be. He is able to charge against his gross more nearly the full depreciation than would be the case had he permitted anything obsolete to remain in use. He is more prosperous than some of his competitors for this very reason. This means he is a better credit risk than he ever has been before in comparison with some other business men in his city who formerly enjoyed a better rating than he did.

Little Profit Planning Now

AS taxes go up and as there are more and more of them to pay,

a prospect which seems inevitable because of steadily growing government cost and rapidly rising public debt, the necessity of adopting policies which assure the maintenance of the capital values by meeting full depreciation out of gross incomes becomes more and more important. The day seems to have passed when the old practice of plowing profits back into the business to make it grow larger and prosper more can continue to be followed. The problem now is more one of making certain taxes are not paid on non-existing profits or assets.

During the past ten years two things have happened to increase the difficulty of maintaining full capital values. One has been the changes which have taken place in taxation and which tend more and more to prevent the plowing back of profits to increase capital values and the other is the rapid increase in the obsolescence rate. During the past decade there has been a marked increase in the number, kinds and sizes of machines used in business. This is especially true in the case of office machines. Improvements have been made which have obsoleted older machines.

Research has advanced to such a degree this obsolescence rate promises to have more to do with reducing capital values than ever before unless the greatest possible care is exercised to maintain them. At the same time, the taxation system is such that there is more or less of a contest between the government and the business man. The government wants all it possibly can get in taxes. The business man must maintain his capital values if he is to remain in business.

A man who had made a thorough study of offices stated a few years ago that the average office did not have the kinds and sizes of machines best suited to its requirements and that obsolete machines were still in use which should have been replaced long before. He pointed out that this made office costs much higher than they should be. Present taxation practices tend to increase office costs because they call for so many tax returns. Only the most efficient office can keep the cost of the records required and the filling out of the return blanks at the lowest figure. Today, therefore it is just as

important, if not more so, that the office be efficient as that any other department of the business be so.

6 Year Life for Office Equipment

THAT "Preliminary Report on Depreciation Study," already quoted from, allows a depreciation of 16⅓% on typewriters, 10% on adding machines, 12½% on billing machines, 16⅓% on bookkeeping machines, 12½% on check writers, 16⅓% on dictating machines. There is at least slight room for suspicion that these rates are not as high as would have been allowed if there were not so many obsolete machines still in use in offices. The continued use of obsolete machines tends to lower the depreciation rate allowed and also to increase the cost of doing work in the office. In other words, more taxes are being paid and more wages also.

From the point of view of taxes alone, it is obvious that when the trade-in value of an office machine reaches the point where this value goes down faster than the depreciation rate allowed by the government it simplifies matters a lot and probably saves taxes to trade-in that machine toward a new one. The office which trades in all its typewriters every year eliminates maintenance on those machines to the greatest degree, uses machines which increase the output of typists and on which the best work can be done. Also, such an office experiences little difficulty in maintaining the full value of the capital invested in those typewriters.

On the other hand, the office which makes it a practice to use a typewriter for ten years before trading it in, argues for four years with the government over the valuation of those machines which were fully depreciated in six years. It spends a good deal of money on maintenance. The production from those machines is not all it should be and the quality leaves a good deal to be desired. The depreciation rates allowed by the government are used for tax purposes. The depreciation rates used by the office appliance dealer are for trade-in values. In some cases these dealer rates may be much higher than the government allows. If the machine is continued in use taxes are paid on values which are higher than the trade-in values. Paying taxes on

obsolete machines is an expense which fewer and fewer business concerns can afford. One which persists in doing so cannot be considered as good a credit risk as it would be if it never continued to use a single thing until it became obsolete. Obsolescence combined with present day taxes may make it impossible to maintain capital values.

Problem for "Big Fellows"

THE Ford Motor Company is an example of a company which started with little capital, plowed back profits and increased actual capital values at a rapid rate. There are innumerable smaller concerns which have followed exactly the same practice to the profit of themselves and to their creditors. One good sized retail company was started by three men whose capital and financial backing were decidedly limited. They drew out of the business just as little as they could live on, left all the rest in the business which grew at a rapid rate and increased year by year in capital value.

That company cannot continue to follow its former practice. It has to watch its capital values closer than before. Only to the degree it does can it be certain of its solvency, to say nothing of increasing actual net profits. Two things have happened since this business was first started. No longer can the machines, appliances, fixtures, etc., required be bought for so little money. They cannot be used for so many years. Now, it is necessary to buy new more often. If the closest attention is not given to guarding against continuing to use anything until it becomes obsolete, the real net profits are affected unfavorably and the tax bill is higher than it should be.

Taxes on Obsolete Machinery

IT is becoming more and more important for the grantor of credit to know whether or not the firm to which credit is being granted has a system of accounting which helps it to protect its capital value. There is a little manufacturing plant which is constantly changing its machinery. "We can't afford to use machines that are getting obsolete," one member of the firm stated. "For one thing we have to pay too high taxes on them. For another, they cost too much to operate per produc-

tion unit. Of most importance, however, is the fact that we can trade in a machine which is still relatively new and in good condition for much more than we could if we used it just a few years longer. By watching every machine and making certain we trade in while the trading in is good we save on taxes and on capital depreciation." It is hardly necessary to state this company is prospering. It laid off no employees at any time during the depression. Its method of maintaining capital values has a good deal to do with this fact.

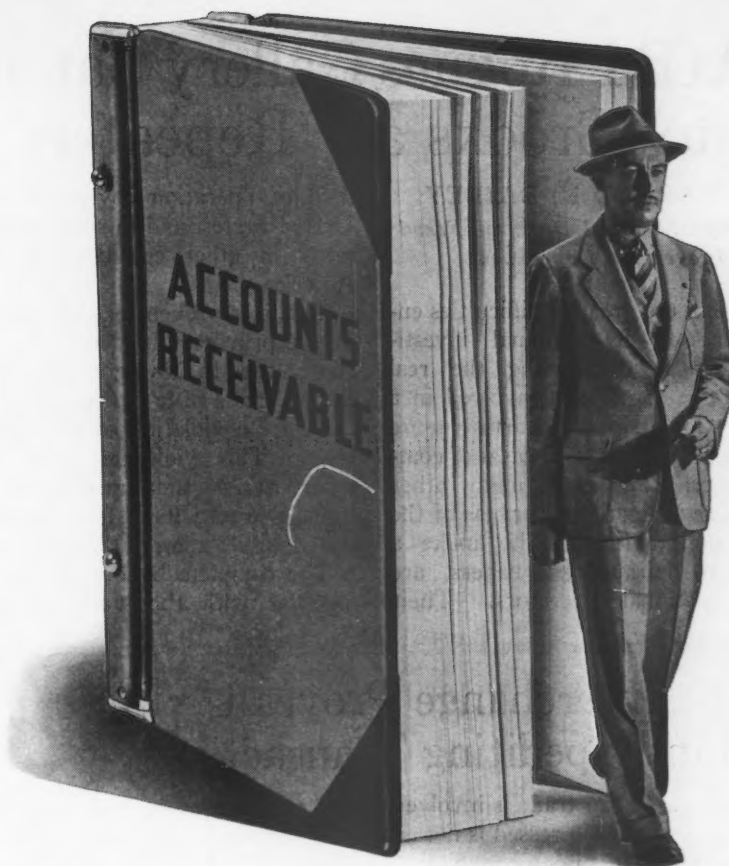
Many of the old accounting methods do not meet the requirements of present conditions. One accountant has pointed out that it has become essential and will prove more so in the years to come for every business concern to consider each item of the capital assets separately. Each of these must be appraised accurately and with care annually. There are two depreciations to be considered. One is that which the government allows for tax purposes. The other is the actual depreciation as determined by market or trade-in values. If, for any given machine, these two rates are plotted, it is likely that at some point the actual depreciation will cross the government depreciation curve and remain below it. Unless that machine is traded in or sold before this point is reached a good many difficulties may be experienced with tax returns in so far as that machine is concerned. Beyond that point the tax rate compared to actual values is higher than it was before.

Taxes on property and on income have to be paid whether anything else is paid or not. Those paid on property may be based on assessments which are made by tax assessors. Income taxes, in the case of a business concern, are based upon returns made. The rate of depreciation which will be allowed on depreciating assets is regulated by the government. If the business continues to use anything which has depreciated in value to a greater degree than the allowable rate of the government, very grave difficulties are experienced in meeting the full actual depreciation out of gross income. The result is taxes may have to be paid on inflated values and on income which was not realized. In other words the capital is being dissipated.

UNLESS there is a decided change in taxing practices it is going to be even more necessary in the future to watch the capital values than it is now. There appears to be no prospect of any material reduction in government costs for some years to come. Balancing the national budget has been postponed to sometime in the distant future. The national debt limit has been increased and may continue to be until the total debt is a quarter or even a higher fraction of the total wealth of the nation. Such a situation demands the utmost care in watching capital values. It demands it on the part of each business man toward the end that he will not be taxed out of business. It demands it on the part of the credit grantor toward the end that he may restrict credit before the capital of the customer is depleted too seriously.

A business man was complaining that a good many concerns in his line were not giving sufficient attention to figuring overhead. He insisted that too many were using arbitrary percentages and hoping but not knowing they were the right ones. Obviously, such firms are not watching their capital assets as they should. Even though some of them have been reasonably good credit risks in the past it cannot be hoped they will continue to be so.

It is due far more than is realized to lax bookkeeping that the depreciation rates allowed by the government are no higher than they are. There has been a good deal of complaint in the past that not enough is allowed by the government for depreciation. Government rates have to be based upon business practices and records. The highest rate allowed on office machines is 16⅔%. The rate on automobiles is 25%. The automobile manufacturers and dealers have sold more and more car owners the idea of trading-in every year. The result is that a larger percentage of new cars are used but a year by their first owners than the percentage of new typewriters which are used but a year by their first owners. Depreciation rates for tax purposes have to be based primarily upon the average number of years the first owner uses the particular thing. The practice of using each new thing a shorter period of time before replacing it with something still newer, therefore, tends to increase the depreciation rate allowed by the government.



"Bill Due" Takes a Walk-Out

You invited "Bill Due" to your growing list of customers in good faith. Suddenly, through some unforeseen series of circumstances this trusted customer walks right out of your credit picture! The result may or may not be disastrous—but it unquestionably affects your credit balance.

AMERICAN CREDIT INSURANCE

performs the vital function of protecting sales. Goods sold under the terms of the policy are paid for promptly. Your capital is not tied up nor dissipated in insolvent or delinquent accounts. It need not be frozen through helping finance debtors who seek relief under the bankruptcy act.

Thousands of executives in more than 150 different lines of business protect their receivables at a reasonable cost with "American Credit" policies. The large majority insure all their accounts. Special groups or classes of debtors, however, are also insurable.

Our new booklet "Business Stability and Profits" gives facts and figures which have a direct bearing on your own credit risk problem. Your copy will be sent immediately upon request. Address Dept. C.



AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK

First National Bank Building, Baltimore
J. F. McFadden, President

OFFICES IN PRINCIPAL CITIES OF THE
UNITED STATES AND CANADA

NACM Rogues Gallery Catches Many Crooks as "Repeaters"

By HAROLD H. BAILEY
Supervisor, Central Division, Fraud
Prevention Department

ONE of the greatest difficulties encountered by criminal investigators is discovering the real identity of persons involved in a crime. This situation arises more often in connection with cases of commercial crime, than in many other types of investigations, because of the fact that individuals who make a racket of defrauding business, are usually national operators. Their

field of operation covers the entire United States, and in some instances, takes in other countries of North America.

This was proven recently when one of the principals involved in a bankruptcy case in Chicago, was returned from Canada after serving a sentence there for a violation of the Canadian laws. This violation consisted of transporting the merchandise to Canada where its value was understated, in violation of the custom laws.

The complete history of this case, together with thousands of others,

are contained in the files of the Fraud Prevention Department of the National Association of Credit Men. One section of this file, known as the "Rogues Gallery" contains hundreds of pictures of individuals convicted of commercial crimes, who were involved in cases brought to the attention of the prosecuting authorities by the Fraud Prevention Department.

It is impossible to enumerate the number of times these Rogues Gallery pictures have lead to the identification of persons involved in illegal operations. Not a week passes but what Federal, State, Municipal authorities, or creditors consult this Gallery in an effort to identify some commercial racketeer.

Let us take a few minutes to see what procedure is followed in the Fraud Prevention office when a creditor presents his problem to Mr. C. J. Scully, Director of that Department. Suppose a creditor in a bankruptcy case, where the operators of a company after defrauding their creditors have left for parts unknown, is requested to peruse the Rogues Gallery pictures in an attempt to identify the individual he knew in connection with the business.

In the event the creditor is able to identify one of the photographs as the person associated with the bankrupt business, Mr. Scully will then examine the record printed on the back of the card, which gives the subject's real name, description, all known aliases, the crimes of which he has been convicted and the trade names under which he operated. After securing all the information contained on the card, Mr. Scully will then remove from the completed files, all cases in which this subject was previously involved.

These files contain more complete information regarding commercial crimes than has ever been assembled by any one organization. Among other things, they will show where the subject operated, over how long a period, with whom he was associated and what the investigations revealed in regard to violations of the criminal laws. In addition to this, they will disclose the location of his home, facts regarding his family, whether married or single, and a great deal more information that might assist in locating the party in question.

Assuming that the investigation has disclosed evidence (*Cont'd on P. 31*)

Credit Interchange Proves Useful Tool in Expediting Transactions

(*Cont'd from P. 22*) trade is involved Ledger experience expressed is not an object of trade. It is not a commodity, not marketable goods, as I shall presently show. Furthermore, there need be no restraint as to the circulation of the information.

Why should not Credit Interchange, as our attorney-in-fact, give this collected information to anyone having legitimate use for it, provided they in turn are willing to do their part by giving their information to us? Remember, the information in Credit Interchange is ours. We are willing to exchange it.

Toward progress, there are only two things with which to work—Time and Material. We have discovered laws and devised ever improving means for changing material—but time we must use as it comes. If we waste it, there is no salvage. It can't be reworked. Material and time are factors of cost. Cost measures profit. The man with the stop watch and slide rule started years ago out in the plant and now he has visited also the office of the credit department. He has looked into the use of time there. He has observed the fluctuating load of work as it flows through. There are periods when the load is heavy—orders are easy or money is slow—and hands have to fly to keep the load moving. These are the times when that stack of inquiries in the morning mail weighs heavy. We are tempted to chuck it in the waste basket.

There comes in the second barrier—inertia. It is easy to let things slip; fail to do a little planning to get the day's work done. Let's chuck that task today. But when we shirk this particular task, we are cutting down somebody's chance to sell more goods—and by the same token cutting down everybody's chance to have more goods.

Now, maybe your politics don't let you respond to thoughts about more goods for everybody. And maybe you want to use your time to get goods for yourself, and let other people do likewise. Maybe you prefer to go into the market and buy your credit information and pay for it. That is a very pretty idea—but it does not work. Your money will not buy ledger experience information in any market. If you get it, you are taking it from other people who have placed their time at your disposal, expecting you to pay in kind. You must pay in kind and not in money; and it does not matter how much money you pay in subscribing to the particular system of exchange or the agency that operates it. It remains exchange, and exchange in kind.

This realization of the peculiar benefits and the obligations of Credit Interchange is all we need to break down these last two barriers to a perfect system of credit information—one that does the biggest job in the least time.

Increase in Bank Lending*

Sixty-two hundred American commercial banks, constituting 43 per cent of all banks of this type, have reported to the Research Council of the American Bankers Association that they made a total of more than seven million new personal and business loans during the first six months of 1940 in the aggregate amount of 12¼ billion dollars.

A similar group of banks in the corresponding seasonal period a year earlier reported approximately six million new loans in the amount of about 10½ billion dollars. The 1940 figures therefore indicate a marked increase in bank lending activity. New loans were greater than in the 1939 period by 24 per cent in number and by 19 per cent in amount.

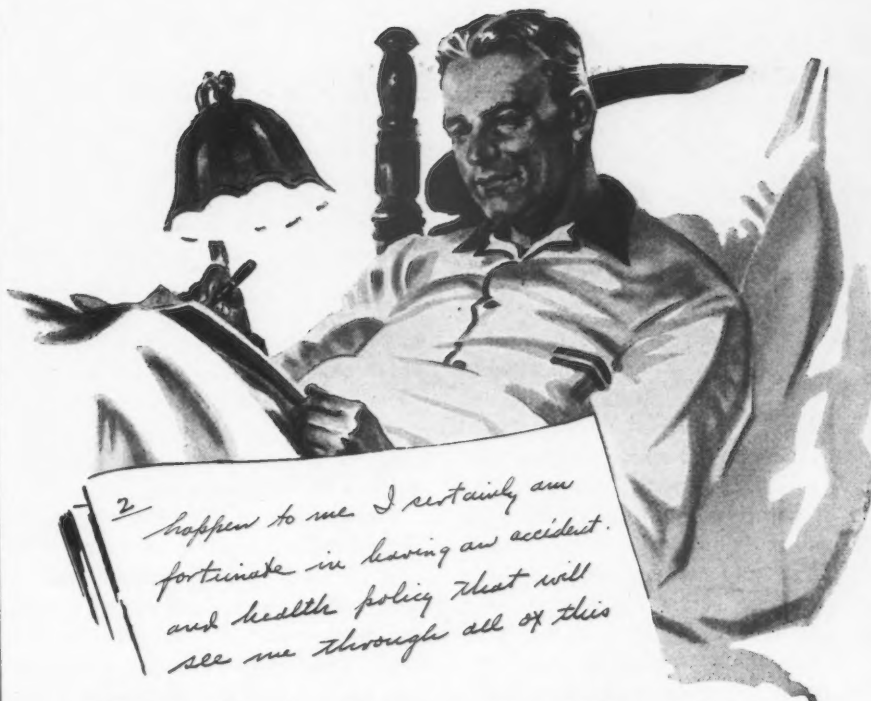
The banks reporting also stated that during the first six months of 1940 they made six million renewal loans in the aggregate amount of 8¼ billion dollars. These figures indicate an increase of 6 per cent in number of loans and 6 per cent in amount over comparable data for 1939.

These 6,200 commercial banks also reported that they made 148 thousand new mortgage loans in the amount of 454 million dollars during the first half of 1940, an increase in number of loans of 13 per cent and in amount of 7 per cent over comparable 1939 figures.

Over 13½ Million Credit Transactions

ALL told, the 6,200 commercial banks reported to the council that they had served the peoples of their communities during the half year period in 13,613,000 credit transactions involving nearly 21 billion dollars. In the corresponding seasonal period for 1939 a similar number of banks handled 11,841,000 credit transactions in the amount of 18½ billion dollars. These reports for comparable six-month periods show that there was an increase in the 1940 over the 1939 figures of 1,772,000 transactions, or 15 per

* Report published by Research Council, American Bankers Association.



But Only Because One Man Kept After You . . .

"I've always been healthy—never had an accident in my life," you said. But he came back at you—"What would your family do if you were laid up for a long time?" He convinced you in the end. Today you're recovering slowly—but you're still thanking him for his perseverance, and for the regular check which comes from the U. S. F. & G.

Your U. S. F. & G. Agent is one of 9,000 located throughout the country. He's in touch with countless business and personal insurance problems. It's his job to help you. Look him up in the phone book, and give him a call, today.

"Consult your Agent or Broker as you would your Doctor or Lawyer"

U.S.F.&G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

cent, and in the amount of \$2,439,000,000, or 13 per cent. The 1940 transactions were at the rate each month of 2,269,000 in number and \$3,492,000,000 in amount. For the 1939 half year, transactions were at the rate of 1,974,000 each month in the amount of \$3,086,000,000.

As of June 30, 1940, the 6,200 responding banks had aggregate deposits of approximately \$50,685,000,000, which was 84 per cent of deposits in all commercial banks on that date.

In addition to giving data as to loans made and renewed, banks granting lines of credit, and having centralized information available, were asked in the council's questionnaire to state the total sum placed at the disposal of their customers and the amount which was being availed of. This question was answered by 1,377 banks. They stated that they had granted \$5,810,200,000 in open lines, of which amount \$1,921,000,000, or 33 per cent, was being used on June 30, 1940. Similar data for 1939 showed a ratio of only 27 per cent being availed of.

Savings Bank Mortgage Loans

INFORMATION as to the activity of mutual savings banks in the field of new mortgage loans was also obtained. Returns were received from 341 institutions, or 63 per cent of the total number. These responding banks stated that during the first half of 1940 they had made 21,424 new mortgage loans, including F. H. A. mortgage loans, in the total amount of \$134,374,621. Returns from a previous questionnaire, covering the corresponding period of 1939, received from 337 banks, or 62 per cent, showed that mutuals had made 17,011 new mortgage loans, in the total amount of \$105,942,943.

The foregoing facts are based on figures supplied to the Research Council in reply to the third in a series of semiannual loan questionnaires addressed to banks throughout the nation. The first questionnaire, sent out in the fall of 1939, asked for information covering their lending operations during the period from January 1 to June 30, 1939. The second asked for similar information for the period from July 1 to December 31, 1939, the third for January 1 to June 30, 1940, and a fourth is now in circulation covering July 1-

December 31, 1940. The commercial bank returns from the first three questionnaires were as follows:

	First Questionnaire (January-June 1939)	Second Questionnaire (July-December 1939)	Third Questionnaire (January-June 1940)
Number of Commercial Banks Replying.....	6,078	6,486	6,199
Per Cent of All Commercial Banks.....	41.5	45.1	43.3
New Loans { Number	5,792,755	6,734,138	7,330,612
{ Amount	\$10,102,384,495	\$12,657,463,348	\$12,253,488,549
Renewal Loans { Number	5,688,255	6,220,964	6,133,980
{ Amount	\$7,635,558,270	\$7,934,332,559	\$8,246,586,992
New Mortgage Loans { Number	128,723	153,078	148,387
{ Amount	\$415,591,868	\$472,294,292	\$453,675,455

Every state is represented among the institutions contributing to these figures. The ratios of responding banks to the totals of operating institutions vary widely from state to state, but it is believed that the returns are broadly typical of the lending activities of the general run of banks in the more active centers and sections of the country.

The purpose of the Research Council in instituting these new series of data as to the loan transactions of banks was to supplement existing statistics generally available to the public with more revealing information as to the actual volume and activity of banking credit services. It was believed that the figures ordinarily published, dealing simply with the position of total outstanding loans, failed to do this adequately.

Identical Group Responses

AMONG the 6,000-odd returns received from each of the first three questionnaires, 4,219 were from banks which answered all three in full. The figures from this group of banks therefore present consistent series of data reflecting the lending activities of 29 per cent of all American commercial banks. They held on June 30, 1940 aggregate deposits of 42 billion dollars, or 70 per cent of all commercial bank deposits on that date.

The loan reports from these 4,219 banks for the three questionnaires are summarized as follows:

	Number			Amount		
	First Question- naire	Second Question- naire	Third Question- naire	First Question- naire	Second Question- naire	Third Question- naire
New Loans	4,803,133	5,308,700	5,817,377	\$9,071,312,292	\$11,430,000,061	\$10,838,658,967
Renewal Loans.	4,467,811	4,553,110	4,507,888	6,756,189,457	6,633,800,615	6,660,505,628
New Mortgage Loans	106,590	121,290	115,697	366,116,379	378,901,790	373,679,449
Total Trans- actions	9,377,534	9,983,100	10,440,962	\$16,193,618,128	\$18,442,702,466	\$17,872,844,044

The new loan figures show a steady increase in the number of transactions in the three half-year periods. The dollar amount, however, for the third period reflects the normal downward fluctuation in national economic activity which oc-

curred in the spring and summer months of 1940 as compared with the preceding 1939 fall and winter period

which comprised major crop making and holiday trade seasons.

In the aggregate, the returns from these 4,219 banks disclose that in the year and a half running from January 1, 1939 through June 30, 1940, they made nearly 16 million new loans in the amount of more than 31 billion dollars. They also made 13½ million renewal loans in the amount of 20 billion dollars, and 344 thousand new mortgage loans in the amount of over one billion dollars.

Altogether this group of 4,219 banks engaged in 30 million credit transactions aggregating 52½ billion dollars in eighteen months.

An analysis of the figures indicates that large proportions of these loan transactions were for relatively small amounts. The average size of the new loans was \$1,967, the average renewal loan was \$1,482, and the new mortgage loans average \$3,256. Since the total figures contain relatively high proportions of returns from among the larger city banks, whose credit operations include many very large transactions, the comparatively small average amounts indicated for the responding banks as a whole reflect the fact that the bulk of their loans were of modest size.

The above report seems to be an adequate answer to the often heard statement that banks are not affording adequate credit facilities for commercial enterprises. Unfortunately the report does not show the amount of

credit used in connection with loans on shares of stock, which in the late '20's had quite a big place in total of bank credits. It will be interesting to watch subsequent studies by the A. B. A. so as to follow the trend in bank credits for commercial lines.

Rogues Gallery Catches Repeating Crooks

(Cont'd from P. 28) of a violation of the Federal laws, all available information is then turned over to the United States Attorney and the Federal Bureau of Investigation. If the United States Attorney decides the facts are sufficient to warrant prosecution, the evidence is presented to a Grand Jury.

If an indictment is returned, a warrant is issued and given to an officer for service. The information which has been obtained regarding the identity of the individual now becomes of great value to the officer who is given the warrant. Thanks to the Fraud Prevention files, the officer has in his possession the correct name and life's history of the subject, rather than merely an alias which he may have used in his business transactions. In addition to this complete information, the officer also has in his possession a photograph of the individual he is seeking, as well as all available information regarding his associates.

The above comments may give you some idea of the inestimable value of the case records and the Rogues Gallery of commercial criminals which have been assembled by the Fraud Prevention Department of the National Association of Credit Men.

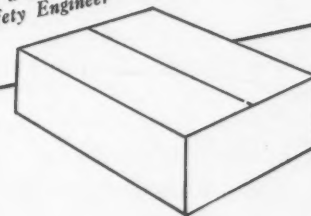
The material facts that have been collected by the Fraud Prevention Department through the investigation of several thousand cases, resulting in the conviction of 1673 persons and the recovery for creditors, of more than \$1,877,045, has enhanced the value of this work to Association members who subscribe to this service. Because of the experience of more than 15 years of operation in the investigation of commercial crimes, the Fraud Prevention Department is better equipped to render satisfactory service to its members.

The National Association of Credit Men's uncompromising campaign against commercial fraud has been of assistance not only to creditors but it also has been of great value to the authorized law enforcement agents in apprehending and bringing to the bar of justice, violators of our State and Federal laws. In this particular instance the question of "What's His Name" was answered by the identification of the individual after referring to the Rogues Gallery pictures of the Fraud Prevention Department.



Folding Box Company Cuts Compensation Insurance Cost 42%

Notes from the Case-
book of a Lumbermens
Safety Engineer



When a company pays the manual rate for its compensation insurance, you might think they'd be satisfied and let well enough alone.

But a New Jersey manufacturer of folding boxes wasn't satisfied. This company wanted a better safety record—and they called on Lumbermens to help them get it.

They got their safety record. Our safety engineers saw to that. They made a complete study of plant, equipment, employees. They eliminated working hazards, organized employee safety committees, set up safe practice standards.

And the company got more than safety—they got savings! Actual savings of 42% on the cost of their compensation insurance. Under the Lumbermens program, this company earned an experience credit of 13.6% . . . saved \$8,267 over a six-year period—\$5,634 in rate savings plus \$2,633

in Lumbermens dividends.

This is only one example of how Lumbermens and management can work together to get greater safety at a lower cost. Leading companies throughout the country are now using Lumbermens safety engineering service because it produces results.

If you want the details, call the Lumbermens agent in your city. He'll tell you the story of a great insurance company with a strong record of healthy growth, sound underwriting practice and distribution of dividends, and conservative management.

Our agent will also be glad to lend you his copy of *The Yardstick of Insurance Protection*, a comprehensive study of the work a casualty company should and can do to help you cut your insurance costs. Ask him for it.

Lumbermens

MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

Home Office: Mutual Insurance Building, Chicago

Operating in New York State as (American) Lumbermens Mutual Casualty Company of Illinois

Affiliated with National Retailers Mutual Insurance Company

INSURANCE

A Bulwark of Credit

... This page, which is donated by one of its members, is used monthly by the Insurance Group of the National Association of Credit Men to foster a better understanding of insurance as an indirect guarantor of credit.

THE PROGRAM

1. To encourage a wider understanding among credit executives of insurance as a protector of sound credit.
2. To keep credit executives informed of the wide variety of insurance coverages which are available.
3. To promote the use of the official N.A.C.M. insurance statement form as a supplement to the financial statement.

Available Coverages

The following list is selective because of space limitations.

Accounts Receivable
Aircraft
Crash
Fire
Land Damage
Mooring
Theft
Windstorm
Aircraft & Motor Vehicle P.D.
Automobile
Comprehensive
Fire
Theft
Flood
Public Liability
Tornado
Earthquake
Explosion
Riot
Aircraft Property Damage
Glass Breakage
Collision
Property Damage
Non-Ownership
Drive Other Cars
Hired Cars
Loss of Use
Bailees Customers Floater
Bridge Insurance
Builders Risk

Consequential Damage
Contingent Liability—R.R. Sidetrack
or Switch Lease
Credit
Demolition
Department Store Floater
Disability Insurance
Individual
Group
Dyers & Cleaners Floater
Earthquake
Electric Sign
Engagement Ring Floater
Equipment Floaters
Errors & Omissions
Exhibition Floater
Explosion
Extended Coverage
Tornado
Hail
Riot
Explosion
Smoke Damage
Aircraft & Motor Vehicle P.D.
Extra Expense
Fallen Building
Fire
Fine Arts Floater
Flood
Frost

Fur Floater
Furriers Customers
Garage Keepers Liability
Garment Contractors Floater
General Floater
Gold & Silverware Floater
Golf Floater
Gross Receipts Truckmen's Floater
Gun Floater
Hail Insurance
Horse & Wagon Floater
Installation Floater
Installment Sales Floater
Jewelers Block
Jewelry—Fur Floater
Laundry Floater
Leasehold
Life Insurance
Individual
Key Man (in a business)
Group (including disability)
Live Stock Floater
Malicious Mischief—Vandalism
Manufacturers Output Floater
Marine
Hull (various forms)
Cargo (various forms)
Mortgage Interest
Morticians Equipment Floater
Motor Truck Cargo
Motor Truck Merchandise Floater
Motor Vehicle Property Damage
Musical Instrument Floater
Paraphernalia Floater
Parcel Post Floater

Patterns & Die Floater
Personal Effects Floater
Physicians & Surgeons Floater
Profits & Commissions
Public Liability
Radium Floater
Rain
Registered Mail
Rent—Rental Value
Riot & Civil Commotion
Safe Deposit Box
Salesmens Sample Floater
Scheduled Property Floater
Scientific Instrument Floater
Smoke Damage
Sprinkler Leakage
Sprinkler Leakage—Legal Liability
Stamp Collectors Floater
Stock Floaters
Stock—Reporting
Surety Bonds
(numerous forms of bonds)
Theatrical Floater
Tornado
Tourist Baggage Floater
Transportation Floater
Trees, Shrubby—Lawn Improvements
Trip Transit Floater
Tuition Fees
Unearned Premium
Use & Occupancy (various forms)
War Risk
Water Damage
Wedding Presents Floater
Windstorm

Approved by National Association of Credit Men

INSURANCE STATEMENT

IMPORTANT The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured. You may need additional forms, or fewer, depending largely on the particular nature of your business. These are points on which you should consult your insurance adviser.

	BUILDINGS	CO-INS %	MACHINERY & FURN. & FIXT.	CO-INS %	MERCHANDISE	CO-INS %	USE & OCCUPANCY	CO-INS %
Fire	\$		\$		\$		\$	
Windstorm								
Explosion								
Riot								
Sprinkler Leakage								

If your insurance is the "Blanket" type, show total amount followed by the word "Blanket" in the "Buildings" column.

Steam Boiler —	Property Damage	\$	Steam Boiler —	Use & Occupancy	\$
Machinery Breakdown —	" "		Machinery Breakdown —	" "	
Transportation — Domestic Shipments			Transportation — Ocean Shipments		
Interior Robbery			Payroll Robbery		
Safe Burglary			Stock Burglary		
Fidelity Bonds			Check Forgery		
Public Liability on Premises			Employers' Liability		
Elevator Public Liability			Products Public Liability		
Auto Public Liability (owned cars)			Auto Public Liability (non-owned cars)		
Auto Property Damage (owned cars)			Credit Insurance on Accounts Receivable		
Workmen's Compensation — Are all your employees included?	Yes	No	Life Insurance (Payable to business)		
If you hold property of others is your liability insured?	Yes	No	Does your Public Liability insurance cover construction work done on your premises?	Yes	No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes	No	Have you made sure that all policies covering the same property or liability read alike?	Yes	No

If you carry any other insurance list details below.

\$	\$

Issued to _____ Issued by _____
Address _____ Address _____
Date _____ By _____ (initial)

INSURANCE STATEMENT FORM

N.A.C.M. approved form. Procurable from the National Association of Credit Men, New York, or D. C. Campbell, Chairman, National Insurance Group, 844 Rush Street, Chicago, Ill.



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NEWS ABOUT CREDIT MATTERS

A section devoted to local
Credit Association affairs

March, 1941

Copy deadline
15th of month



Mr. Redmond

Pres. John L. Redmond leaves on Assn. Tour

New York—NACM Pres. John L. Redmond, who is Vice Pres., Crompton-Richmond Co., Inc., of New York, left here late in February for a six weeks trip in which he will visit credit associations in the southern, western and mid-western sections of the country. He was accompanied by Mrs. Redmond and will make talks at a large number of the points he visits.

In the course of his itinerary he will reach the following associations: Louisville CMA, New Orleans CMA, Fort Worth ACM, Tri-State ACM, El Paso, Wholesalers' Credit Assn. of New Mexico, Albuquerque, Los Angeles CMA, San Diego Wholesale CMA, Credit Mangers Assn. of Northern & Central Calif., San Francisco, Portland ACM, Tacoma ACM, Seattle ACM, Inter Mountain ACM, Salt Lake City, Rocky Mountain ACM, Denver, Omaha ACM, Minneapolis ACM, Milwaukee ACM, Chicago ACM, Detroit ACM, St. Paul ACM and Oakland, Cal., Assn.

Look Ahead to New Orleans!
46th Annual
NACM Credit Congress,
May 11-15

Credit Fraternity Fund Reports progress in C-men job placements

The first annual report of the Credit Fraternity Fund was presented by Secretary Henry Meckauer on Feb. 4 to a meeting of the Fund's Board of Directors in the Republican Club in New York. In his report Mr. Meckauer pointed out: "The Credit Fraternity Fund, Inc., officially started to function on Mar. 25, 1940. It did not take long to discover, however, that our principal problem was not financial relief for its applicants but the procurement of permanent jobs for them. The ratio of those wanting relief to those wanting jobs was one to six and that ratio has held throughout. Assisting men financially, worthy as that project has proved, is only a temporary aid and not a solution of the problem itself.

"The relief work has been excellently administered under the supervision of Messrs. Sage, Scheer, Stack and Muller. It has been the means of rehabilitating many families, keeping them from being dispossessed from their homes, and helping them in avoiding other hardships. Not a single applicant who was worthy of relief was refused."

During 1940, Mr. Meckauer's office received 168 applications for positions; of these, 48 men have been returned to gainful employment through the Credit Fraternity Fund, Inc., or through their own efforts.

"In order that our applicants might be offered every possible exposure to job opportunities, we initiated a new job solicitation procedure as of Dec. 1, 1940, and this plan resulted in obtaining jobs for seven men since the above report. Twenty jobs are pending at present."

To aid itself financially the Credit Fraternity Fund produced a "credit men's necktie" which in October was sent to every member on the roster of the New York Credit Men's Association and to a number of other individuals, together with a letter explaining the neckties. This resulted in adding \$2,800 to the Welfare Fund. Again, prior to the Christmas holidays, a necktie solicitation was conducted by the members of the 475 Club of New York.

To acquaint the credit world with its existence and its purpose, NACM Exec. Mgr. Heimann in May, 1940, sent a letter to the New York Credit Men's Association membership in which was enclosed the name of all applicants with their specifications.

Later mailings by the Fund included a blotter in October and another job solicitation letter in November. In December a special pamphlet entitled "Jobs," prepared by the NACM Public Relations Dept., was made available. Solicitors for

Seattle prepares for 24th Pacific N. W. Conference

Seattle—The 24th annual Pacific Northwest Credit Conference will be sponsored in this city on March 20 and 21 at the Olympic Hotel by the Seattle ACM. Among the speakers announced early in February were NACM Pres. John L. Redmond of New York, NACM Exec. Mgr. Henry H. Heimann, and Owen S. Dibbern, Western Division Mgr., and A. L. McWilliams of Vancouver, B. C.

Conference plans call for trade group meetings on Thursday with a social and entertainment program scheduled for that evening. Friday will be devoted to general credit conference matters and the annual banquet will be held on Friday evening.

Plans for special luncheons and entertainment for the credit women and wives of delegates are being prepared. The conference will be attended by credit executives representing associations in Bellingham, Spokane, Tacoma and Seattle, Wash.; Portland, Ore.; Lewiston, Idaho, and the Canadian Credit Men's Assn.

K. H. Campbell active at Chicago export sessions

Chicago—Kenneth H. Campbell, Foreign Credit Interchange Bureau Director of the NACM, conducted the round-table session on foreign credit and collection exchange problems at the Chicago World Trade Conference early in Feb. In the course of his trip from New York Mr. Campbell attended meetings of local credit associations in Syracuse, Rochester, Cleveland, Toledo, Milwaukee and Detroit.

jobs have used the pamphlet in their contacts and a copy of it was placed on the plate of every attendant at the annual banquet of the New York CMA at the Waldorf-Astoria on January 28, 1941. The report of Mr. Meckauer also pointed to the recognition given the Fund's work by the Daily News Record, the New York Times and other New York newspapers, as well as the official publications of the NACM and of the New York CMA.

Plans for a membership drive are now being crystallized by Harry J. Delaney, N. Y. CMA Pres., the proceeds of which will replenish the relief fund. Further activity by the Job Procurement Committee is under consideration and direction of past NACM Pres. William Fraser of New York, who is Chairman of that committee.

In conclusion, Mr. Meckauer declared that "the Credit Fraternity Fund has earned its right of existence and already has the sympathy and hearty support of every executive contacted. With the proper cooperation every employable on our list can be put back to work."

In attendance at the meeting were: John Fritz Achelis, Commercial Factors Corp.; Edward F. Addiss, Pres., Credit Fraternity Fund, Inc.; Harry J. Delaney, Meinhard Greeff & Co., Inc.; Andrew Dykes, Dykes Lumber Co.; William Fraser, J. P. Stevens & Co., Inc.; Paul E. Hunter, American Credit Indemnity Co.; Henry Meckauer, Sec., Credit Fraternity Fund, Inc.; Charles E. Meek, Chemical Bank & Trust Co.; Grover F. Muller, L. F. Dommerich & Co.; William H. Pouch, Concrete Steel Co.; John L. Redmond, Crompton-Richmond Co., Inc.; Clarence L. Riegel, Sec., New York CMA; Joseph Rubanow, Manufacturers Trust Co.; William Sage, Jr., N. Erlanger Blumgart & Co., Inc.; Henry C. Scheer, American Woolen Co.; James A. Stack, Stern & Stern Textile Importers, Inc.

32 yrs. to settle bankruptcy case!

New York—Two young men who take care of the bankruptcy dockets in the Federal Court here had the happy experience recently of closing out a case that had been in the court since July 14, 1908, around the time these particular courts were born. Even their superior, George J. H. Follmer, clerk of the court, admitted that the case was his staff's "biggest headache." The case was that of Frank Zotti, Inc.

Mr. Zotti was an energetic man who came here in 1889 from Dalmatia, and was soon the moving spirit in a bank, a ticket agency, a venture in New Jersey real estate, a steamship line and a Croatian newspaper called the Narodni List. His interest in these properties ultimately became assets in the bankruptcy case just closed.

They were dubious assets, however, Mr. Follmer recalled. The title to the real estate was so snarled up that Jesse Watson, the original trustee and only man to



Plan for Credit Congress in New Orleans

New Orleans—Immediately after the recent election of officers of the New Orleans CMA, further plans for the forthcoming 46th annual NACM Credit Congress, which will be held here May 11-15, were discussed by the group in the above picture. They include 1. to r.—Fred L. Lozes, Sec.-Treas.-Mgr.; R. A. Piske, Vice Pres., and A. P. Spaar, Pres.

Directors chosen to serve during 1941 at the annual meeting in Jan. include: T. J. Adams, Times Picayune Publ. Co.; E. A. Alt, J. S. Waterman & Co.; Geo. Bywater, Whitney Natl. Bank in N. O.; E. J. Holmann, Parke Davis & Co.; W. J. Hugo, Gulf Refining Co.; Peter Jung, Jr., Crescent Bed Co., Inc.; C. A. Kepper, Gerde, Newman & Co.; H. J. Neelis, A. Baldwin & Co., Inc.; A. A. Robbert, C. T. Patterson Co., Inc.; J. E. Sheane, Cudahy Packing Co. of La., Inc.; J. Henry Warner, Kohlman Bros. & Sugarmann, Inc.; J. J. Culver, Blue Plate Foods, Inc.; and A. E. Maurin, N. O. Public Service, Inc. Assn. Councillor: G. E. Brister, American Sugar Refg. Co.

In his report to the stockholders, retiring Pres. J. A. Monier, Jr., indicated the Assn. had made progress in both membership and finances and had taken active interest in legislative matters during the 1940 session of the Louisiana Legislature.

More than 1500 delegates from every state are expected to attend the Credit Congress, it was announced by Past NACM President E. Pilsbury, convention chairman.

see the case all through its 32 years, had trouble getting rid of it. It finally went to a man who just paid off the taxes and gave nothing to the bankrupt estate.

The steamship line came to grief when its one vessel, the chartered steamer Baltimore, ran aground off the Azores on its first trip. Zotti charged there was a conspiracy against him and that that was why his ship struck the rocks.

On one occasion Zotti had a Serbian diplomat arrested, and after the diplomat had been cleared of the charges Zotti had made, the United States government had to apologize to the Serbs for the arrest.

This, however, is not the stuff of which bankruptcy dockets are made. To the clerks in the court the case was just a series of dull, brief entries in a series of heavy, dusty tomes.

The creditors did not get a great deal

out of the estate, either, although there were 15,000 of them originally, and their claims came to a total of about \$700,000. Some of the 3,006 checks eventually mailed out were for as little as 11 cents.

Rayon heads named

New York—Appointment of committee chairmen for the Rayon Yarns Credit Assn. was announced recently by Pres. Charles A. Brothman, Treas. of Skenandoa Corp. Those chosen to administer the group's functions for the current year are: *Membership Chairman*—A. J. Maguire, American Viscose Corp.; *Finance Chairman*—A. Hunziker, North American Rayon Co.; *Publicity Chairman*—H. Hamilton, American Viscose Corp.; and *Entertainment Chairman*—J. D. Carlin, Cohn Hall Marx Co.

Attend 46th Annual N. A. C. M. Credit

Association Activities

Albany:

Laurence G. Magner, Pres., The Schenectady Trust Co., spoke on "Credit and the Defense Program" before the annual "Executive Meeting" of the Eastern N. Y. ACM on Jan. 30 in the Hotel Ten Eyck. Members of the Assn. invited their firm officers to attend on this occasion to hear Mr. Magner, who is a member of the National Defense Loans Committee of the American Bankers Assn. and Pres. of the Schenectady County Clearing House Assn.

Amarillo:

The local members of the Tri-State ACM heard Paul M. Millians, American Credit Indemnity Co., at its Feb. 7 meeting. Mr. Millians had previously addressed credit association meetings in Albuquerque and El Paso.

Atlanta:

Norman McKinney, who has been Sec. of the Baltimore ACM, became Sec.-Mgr. of the Atlanta ACM on Feb. 1, succeeding C. H. Whitworth. No further personnel changes in the Atlanta office have been made.

Baltimore:

Geo. J. Lochner, who has been Adjustment Bureau Mgr. of the Baltimore Assn. for many years, became Sec.-Mgr. of that Assn. on Feb. 1 and will also continue his



1941 Assn. leaders picked at San Diego

San Diego—Following the recent election of the San Diego Wholesale CMA, the Board of Directors and officers gathered for the picture above in which you see: (standing) Ewart W. Goodwin, W. J. Beaty, Lawrence Holzman, Exec. Sec.-

Mgr.; Arthur Reese, Pres.; Richard C. Hughes, Clyde E. Gleason; (seated) H. S. Temple, A. L. Vogt, A. J. Sutherland, and C. D. Colburn, Vice Pres. The newly-elected directors are: Mr. Temple, Union Oil Co.; Mr. Gleason, American Typewriter Co., and Mr. Goodwin, Percy H. Goodwin Co.

activity as head of the Adjustment Bureau Dept. O. E. Hickman now serves as Asst. Sec.-Mgr. and continues as head of the Interchange Dept., a position which he has held for a number of years. G. R. H. Younger, who has been associated with the Collection Dept. in Baltimore for some time, is Collection Mgr. and Office Mgr.

Boston:

At the recent election meeting of the Boston CMA, James A. Mawn, Gulf Oil Corp. was re-elected Pres. Also re-elected were the Association's 1st and 2nd Vice Presidents, Chester C. Gray, The Boston

Post; and Alfred D. Polsey, The National Shawmut Bank.

Other officers chosen at the same time were: *Treas.*, Richard H. Hitchcock, Simmonds Saw & Steel Co.; *Asst. Treas.*, Carroll B. French, La Touraine Coffee Co.; *Sec.*, Joseph M. Paul. Directors elected at the meeting included: Henry J. Bornhofft, Frank L. Davis, Laurence S. Day, Edward George, Jr., William I. McCullough, Arthur M. Severy, Norman L. Shipley, Frederick C. Teuteberg, James L. Walsh, Carroll W. Walters and Harold A. Yeames.

Chattanooga:

The Feb. dinner meeting of the Chattanooga ACM was held at the Read House. Entertainment was furnished by Freda Cooper. V. K. Bowman, Asst. Vice Pres., Federal Reserve Bank of Atlanta, and 2nd Vice Pres. of the Atlanta ACM, was the principal speaker. J. M. Bilderback, Chairman, Legislative Committee, gave a detailed report as to the activities of his committee and the reasons that the credit associations were opposing certain bills.

Chicago:

The Credit Men's Forum of the Chicago ACM on Feb. 5 at the Hotel La Salle presented the Hon. Julius P. Heil, Governor of the State of Wisconsin. Speaking as a business man who is serving his second term as Governor, Mr. Heil told the meeting "What the State Should Expect from a Business Man."

Cleveland:

Local credit executives, their families and friends, "cooled off" on Feb. 27 at the



Cincinnati ACM "show its wares"

Cincinnati—The display above appeared in the windows of the Fifth Third Union Trust Co. of this city early in Jan., under

the auspices of the Cincinnati ACM. Attracting considerable attention it was an effective presentation of the services, offered in this area by the local Assn., which were listed in the photostat enlargement of the letter, signed by Assn. Sec.-Mgr. Harry W. Voss, which appears in the center.

Congress, New Orleans, May 11-15, 1941

party staged by the Cleveland ACM in the Cleveland Arena. The occasion was the presentation of the "Ice-Capades of 1941." Dinner was included in the evening's program.

Dayton:

The Insurance Advisory Council of the local assn. recently made plans for a noon meeting at which members having either corporate or personal problems in insurance could present them and discuss solutions. The local office has also announced that it has placed on file for member use a credit management bibliography covering 116 books in the field of credit and business. In Feb. the local assn. was again sponsoring a letter-writing clinic covering five consecutive evenings of study.

El Paso:

Because of the vacancy caused by the death of Hubert Browder, the Board of Directors of the local Assn. met on Jan. 10 and chose Hoyt Smith to serve the unexpired term as Vice Pres. Herbert Goodman, American Grocery Co., was elected to the Board of Directors at the same time. On Jan. 25 the local members enjoyed a "Klondike Party" which featured entertainment, music and dinner.

Grand Rapids:

As a means of stimulating interest and attendance for its Feb. 17 meeting at which Henry H. Heimann, NACM Exec. Mgr., was the featured speaker, the Grand Rapids ACM reprinted the Jan. editorial by Mr. Heimann from "CREDIT AND FINANCIAL MANAGEMENT" on taxes and business, under the heading "Speak Up, Business Men!"

The reprint of the editorial was sent with the meeting announcement, not only to the local membership but also to a large number of business firms and business men who are not affiliated with the organization. It stimulated response on the part of several business firms which wrote to their Congressional representatives about the tax problems now facing their particular firms. These communications were largely due to the efforts of Assn. Sec. Edward De Groot, who published in the Assn. Bulletin an excerpt from the editorial and urged action by business men. He also included a response coupon in the Assn. Bulletin, by which the firms writing their Congressional representatives could notify the Assn. that they had done so.

Lexington:

The Feb. 27 dinner meeting of the Lexington CMA in the Lafayette Hotel heard Gordon B. Enders of New York discuss the situation in Asia with particular reference to Japan and its relationship to the U. S.

Los Angeles:

Having National Defense as the theme of its Feb. 20 luncheon meeting, the Los Angeles CMA sent out large announce-

ments featuring the national colors and calling attention to the speakers and the guests of honor and other program highlights. These included H. M. Craft, Asst. Mgr., Los Angeles Federal Reserve Bank who spoke on "Some National Defense Program Problems." Guests of honor were Lt. Col. Charles E. Branshaw of the Air Corps and Lt. Col. A. R. Baird of the Ordnance Dept. For entertainment the meeting featured a return engagement of "The Golden Strings" and vocal selections by Thora Mattiason.

The guest speaker at the Jan. meeting of the Los Angeles CMA was Henry Dean, Mgr., Industrial Relations, Union Oil Company of Calif. Mr. Dean's topic was "Industrial Relations." He showed the importance of industrial relations in modern business under recent legislation and with current labor movements. Research, influence of the management, and proper administration were given as the three major classifications of the problem.

The needs and requirements of one who supervises were listed as: 1. Deal with people as humans and as individuals. 2. Acquire ability to handle people by study and analysis. 3. Prepare by planning. 4. Understand basic reasons for people's actions and reactions. 5. Show interest in subordinates, give praise freely. 6. Ask for opinions. 7. Provide sympathetic ear for grievances, listen attentively. 8. Be constructive on criticism. 9. Do not store up resentments. 10. Vary reprimands with individuals and compare their work to standards, not to other individuals. 11. Accept responsibility for rules laid down by management.

In the discussion that followed the speech it was brought out that credit men are vitally interested in strikes and industrial unrest as these materially affect credit policies.

Louisville:

At its Feb. 26 meeting the Louisville CMA was privileged to have as guest speaker, NACM Pres. John L. Redmond of New York. The second feature of the dinner meeting in the Kentucky Hotel was a talk by Gordon B. Enders of New York on "Can Anybody Stop Japan?"

Members of the Assn. were special guests of the Louisville Chapter, National Assn. of Cost Accountants, on Jan. 21 at the Brown Hotel to hear an address on "Federal Income Tax" by John F. Sherwood of Cincinnati, who is author of the book "Federal Tax Accounting." Mr. Sherwood discussed recent changes which will alter 1941 payments.

Meadville:

A dinner meeting of the Meadville Chapter, National Institute of Credit, was given Feb. 7 at the Talon Club and was addressed by James W. Buckelew. During the brief business session new officers were elected. They are: Pres., W. K. Watson; 1st Vice Pres., in charge of curriculum, M. B. Hodges; 2nd Vice Pres., in charge of membership, Bernard Keister; 3rd Vice Pres., in charge of publicity and entertainment, Mrs. J. Franklin Hunter; Treas., Victor Hazen and Sec., Mrs. Charles

Daughtrey. A gift was presented to the retiring president J. G. Lewis. A definite date for the March meeting has not been set, but the speaker will be Joseph Ribnow, 1st Vice Pres., Manufacturers Trust Company of New York City.

Milwaukee:

The Feb. dinner meeting of the Milwaukee ACM was featured with an address at the Elks Club on the 13th by Victor L. Short, Pres., Institute of Human Science. His subject was "How to Handle the Human Relations Problem." Local members have been active on Saturday afternoons with bowling at the Parkway Alleys.

Minneapolis:

A most successful occasion was enjoyed here on Feb. 22 when the Minneapolis ACM sponsored the 26th annual mid-Northwest District Credit Conf. Delegates from credit associations in St. Paul and Duluth, Minn.; Fargo and Grand Forks, No. Dak., were in attendance. Following the reception on Friday night, the formal program began on Sat. morning. Speakers included Chas. Mehagen, Mgr., Western Adjustment & Inspection Co., whose subject was: "Do you Know your Insurance?" as well as a number of representatives from the University of Minnesota, including its Pres., Guy Stanton Ford; R. A. Stevenson, Dean of the School of Business Administration; Roland S. Vaile, Prof. of Economics and Marketing; Arthur W. Marget, Prof. of Economics and Finance; and Arthur R. Uppgren, Associate Prof. of Economics. They discussed various aspects of credit, the war and the United States, and monetary problems. The conference banquet was addressed by NACM Exec. Mgr. Henry H. Heimann.

New York:

Bank and merchandise credit in financing national defense contracts was analyzed in a panel discussion at the dinner forum of the New York CMA on Feb. 27 in the Aldine Club. The speakers were: L. R. Rounds, 1st Vice Pres., Federal Reserve Bank of New York; William G. F. Price, Asst. Vice Pres., National City Bank of New York; George Newell, Vice Pres., Manufacturers Trust Co.; and G. W. Patterson, Credit Mgr., American Cyanamid Co.

Oshkosh:

At a meeting held here on Feb. 1, Caldwell Keyser, Credit Mgr., Cudahy Brothers Co., Cudahy, was elected Chairman of the Wisconsin Legislative Committee. Represented at the meeting were Milwaukee, Green Bay and Oshkosh Associations. Chosen as Vice Chairman was Bart W. Heiss, of Bouck, Hilton, Kluwin & Dempsey, Oshkosh. Herman S. Garness, Milwaukee Assn. Sec. will be the Committee Secretary. It is the Committee's aim to support favorable state legislation in the interest of "Guarding the Nation's Profits."

Philadelphia:

As a follow-up to its Jan. 23 luncheon meeting at which E. B. Moran, Central Division Manager, spoke on insurance and credit, the Credit Men's Assn. of Eastern Pa. reprinted the news story which appeared in the Philadelphia Inquirer about the meeting. The reprint stressed the Association's work in the insurance field and pointed to the standing insurance committee, the NACM insurance statement form, and the insurance articles regularly carried in "CREDIT AND FINANCIAL MANAGEMENT," as well as the meetings and forums presented from time to time locally in the Association's program of insurance education.

Pittsburgh:

A good will meeting of the Consolidated Construction Industries of the Credit Assn. of Western Pa. was held here on Feb. 26 at the Hotel Schenley with an address on "Construction Today vs. Reconstruction Tomorrow" by Henry H. Heimann and a humorous talk by Major Norman A. Imrie.

Providence:

For its meeting on Feb. 20 the Rhode Island ACM staged a "Quiz Program" at the Hotel Biltmore with a list of questions covering credit and business subjects. Carl H. Henrikson, Jr., Educational Director of the NACM, was Quizmaster for the evening.

St. Joseph:

Judge Sam Wilcox, who has had many years of experience as a circuit judge, was the featured speaker at the dinner meeting of the St. Joseph ACM on Feb. 11 in the Oakford Tea Room. This was the first meeting staged by the new officers of the Assn. who include: Pres., H. T. Bayne, Chase Candy Co.; Vice Pres., V. P. Meyer, First National Bank; Sec., Noble Ayers, Jr., Ayers Auto Supply Co.; Treas., E. H. Schopp, Tootle-Lacy National Bank. Directors are: Don Francis, E. F. Garvey, H. M. Jones, Miss M. Moore, George Richmond, and L. E. Warner.

St. Paul:

Two outstanding individuals who have been prominent in the credit field in this area were honored at the Jan. 14 meeting of the St. Paul ACM by being made honorary life members of the Assn. They are: Geo. I. Ashton, until recently Treas. of the St. Paul Foundry Co., and H. E. Engstrom, who recently retired as Credit Mgr. of G. Sommers & Co.

Mr. Ashton has been a member of the local and national associations for some 35 years and has been active in civic activities as an

officer of the St. Paul Assn. of Commerce, St. Paul Builders Exchange; and Pres., St. Paul Athletic Club among other positions. Mr. Engstrom, whose membership in the credit assn. extends for a period of more than 30 years, has been active on many national committees and has served as national director of the NACM. Both Mr. Ashton and Mr. Engstrom were given formal resolutions testifying to the association's appreciation for their activities in behalf of improving the standards of credit management, both in their positions with their respective firms and in their activities in the credit assn.



St. Louis:

The February forum meeting of the St. Louis ACM on Feb. 20 heard Dr. Walter Miller, retired Dean of the Graduate School of Missouri Univ., who is now visiting Professor of Classical Languages at Washington Univ., speak on "Greece as It Was and Is Today." The Assn. announced its removal recently from its former location and is now at 1204 Paul Brown Bldg.

Sioux City:

A most successful series of meetings was staged under the sponsorship of the Interstate ACM on the occasion of the 17th annual Tri-State Credit Conf. covering associations in South Dakota, Nebraska and Iowa, held here in the Hotel Martin on Feb. 19-20. General sessions were held morning and afternoon on Wednesday and Thursday, with trade group meetings scheduled for the latter part of Wednesday afternoon until nine o'clock, when the entertainment and dance program began.

The Conf. closed with a banquet on Thursday night at which the guests of honor were National Director L. Motz of Sioux City, NACM Exec. Mgr. Henry H. Heimann, and NACM Central Division Manager E. B. Moran. General Chairman of the Conf. was A. W. Metz, who is Councillor of the Sioux City Assn.

Syracuse:

Tuesday evening, Mar. 11, will be Bankers' Night. For a number of years the Syracuse ACM has cooperated with the local banks, for one meeting a year, to get prominent bankers from out-of-town to speak on banking credits. Bankers' Night has always been a success and received co-operation from all local banks. A very interesting evening is being provided, and a large attendance is assured.

Worcester:

The dinner meeting of the Worcester County ACM at the Hotel Bancroft on Feb. 10 heard Herbert N. McGill, Pres., McGill Commodity Service, Auburndale, Mass. Mr. McGill, whose organization specializes in the commodity price field, discussed the price situation in his talk.

Credit Career

R. C. Wilson

Salt Lake City—Serving as Vice Pres. of the NACM this year, representing the Western Division, is Ray C. Wilson, Vice Pres., First National Bank of Salt Lake City, Utah. Mr. Wilson was chosen for the post at the 1st International Credit Congress, sponsored in May, 1940, in Toronto, Canada, by the NACM and the Canadian Credit Men's Trust Assn.



His election was a fitting climax to a record of service in association affairs that was as productive as it was intensive and long, for Mr. Wilson has given of his time both to the National and to the Inter Mountain ACM, which he served for two years

as Treas., besides a period of three terms as member of its Board of Directors. In the national organization he was a member of the National Board of Directors from 1935 to 1938, as well as a member of the National Credit Practices and Methods Committee from 1935 to 1939.

Mr. Wilson's interests cover many other fields as well, however. He has, for example, served three terms as Chairman of the Livestock Committee of the Salt Lake City Chamber of Commerce, which has sponsored the Intermountain Junior Fat Stock Show, recognized as the outstanding event of its kind in the area. Mr. Wilson has also been Vice Pres. of the National Bank Division of the American Bankers Association for Utah, as well as serving on the Board of Trustees of Westminster College and Mount Olivet Cemetery.

Our subject was born in Denver, Colo., but spent his youth at Pueblo in that state, where he attended the grammar and high schools prior to spending a year at the Colorado School of Mines. From this he turned to activity in the Cripple Creek Mining District where he was associated with the Golden Cycle mining interests. Later he became an officer of the Cripple Creek State Bank. In 1917 Mr. Wilson left Colorado and spent seven years in Idaho as Cashier of the Commercial National Bank in St. Anthony, which is the center of an agricultural and livestock section. Salt Lake City claimed him in 1924 when he joined the National Copper Bank, which was the predecessor of The First National Bank. He has been active in Salt Lake City and Utah banking circles ever since.

Mr. Wilson is married and has three children. His daughter is a graduate of both University of Utah and the University of Wisconsin and is a member of the faculty of the University of Washington. His eldest son is a graduate of Utah and the University of Arizona and is a geological engineer, while his second son is a student at Utah.

Look Ahead to New Orleans! NACM Credit Congress, May 11-15



NACM men in Defense Program

During recent weeks the NACM Public Relations Dept. has learned about the following credit executives who have been called by the nation from their tasks of "Guarding the Nation's Profits" to serve in the National Defense Program.

Each individual will receive from the National office, for the year he is in service, complimentary copies of both the NACM Executive Manager's Monthly Business Review and "CREDIT AND FINANCIAL MANAGEMENT."

Information about other individuals called to service is solicited and will appear from time to time in this column.

Cincinnati—Capt. Fred J. Dixon joined his post late in Nov. He is in the Coast Artillery Anti-Air Craft Division, Ft. Monroe, Va. Mr. Dixon was succeeded by Maurice Coe in his connection with the Gruen Watch Co. of Time Hill.

Syracuse—Jacob A. Bloss, formerly with the First Trust & Deposit Co., is now First Lieutenant in the Adjutant General Dept., First Military Area, with headquarters in the Federal Bldg., Syracuse. His service period is for one year.

Utica—Roger J. Sinnott, Asst. Treas. of the Industrial Bank of Utica, Morris Plan, has already left for camp. He is a lieutenant. Mr. Sinnott has served as chairman of the local assn. membership committee and been active at meetings. His father, John J. Sinnott, has taken over most of his son's duties and either he or Michael Wald will represent the bank at gatherings of the assn.

Chicago—J. L. Anderson, Credit Mgr., Federal Electric Co., has left to command the First Battalion of the 122nd Field Artillery, which is a part of the 33rd Division. He is a Lieut. Colonel, and will be stationed at Camp Peay, Tullahoma, Tenn. Mr. Anderson has represented the Federal Electric Co. for many years in the Chicago ACM.

Atlanta—W. B. Tucker, Credit Mgr., American Bakeries Co., and a member of the Atlanta ACM, has been called to service and is now a Lieut. Commander serving at the Bureau of Navigation, Washington. D. C. G. W. Owens has replaced Mr. Tucker in the firm.

New York—Clifford T. Rogers, Advertising Mgr. of "Credit and Financial Management," who has been an officer in the Army Reserve for several years, was taken into service as captain on January 27. He is engaged in Military Intelligence activities. During his absence Hugh S. Roberts of the NACM Fraud Prevention Dept. will also cover Mr. Rogers' magazine assignment.

Albuquerque—Robert J. Nordhaus, attorney for the Charles Ilfeld Co., was called into national defense service in Jan-

uary as a Sergeant. He is with the Headquarters Co., 104th Anti-Tank Infantry, at Fort Sam Houston, San Antonio, Tex.

Boston—Charles L. Furber, who represented the Boston Gear Works of North Quincy in the Boston CMA, has been called to the service and is now a Colonel with the 101st Field Artillery of the Mass. National Guard. He is stationed at Camp Edwards in Falmouth, Mass. During his absence his duties in the firm have been taken over by Carl A. Henline.

Syracuse—Wm. C. Henson, a member of the Syracuse ACM, has been inducted into the national defense program and is now a private in Company F—Rifle, 108th Infantry, stationed at Fort McClellan, Anniston, Ala.

Milwaukee—E. Briggs, Jr., who represented the Firestone Tire & Rubber Co. in the Milwaukee ACM is now 1st Lt. at Armored Force Replacement Center, Fort Knox, Ky. The firm representation in the local association is now assigned to C. Punke.

Chicago—Hugh L. Carnahan is now stationed at Fort Sill, Oklahoma as Lt. Col. in the Field Artillery Replacement Center. His place as credit mgr. of Plibrico Jointless Firebrick Co. has been assigned to F. B. Hubler.

Promotions

Providence—E. William Lane, American Screw Co. of this city, the largest wood screw manufacturers in the world, has been elected Treas. of the company. Mr. Lane as Vice Pres. of the firm, has been active in credit circles for a period of years. He is also Vice Pres. of the Association and Sec. of the Adjustment Bureau.

Recently at the Board of Directors' meeting of the Providence National Bank, Rupert C. Thompson, Jr., a director of the Rhode Island ACM and an active worker on its Membership Committee, was elected a Vice Pres. of the bank. He had been until recently an assistant cashier of the bank.

Creducation

Albuquerque—Chapter officials report that the course in Business English offered by Dr. A. K. Knott of the West Texas State College is being responsible for improved collection letters in that area.

Birmingham—Dean Lee Bidgood of the School of Commerce, University of Alabama, was the principal speaker at a combined meeting of the Chapter and Assn. membership on Feb. 12. Prof. H. D. Bonham of the Marketing Div. Bur. of Research, Univ. of Alabama, was also on the program. The Associate award was presented to 14 students at this meeting.

Boston—A large turnout was present at a recent meeting at the University Club to hear Nicholas E. Peterson, Economist and Asst. V. P. First National Bank of Boston, speak on "World Conditions." As a

further incentive toward a large meeting, Walter B. Morrison, Cred. Mgr., Stetson Shoe Co., presented an interesting credit subject.

Chicago—The Jan. 29 meeting attracted a very interested group. Herman L. Brunner, Secy. Central Fibre Prod. Co., presented "Accounting in Its Relation to Credit" so that the close relation of accounting and credits took on new meaning for all present. Following this talk, a short question and answer program on credit matters was conducted by V. Pres. N. W. Jones of Butler Bros.

Cincinnati—The following were elected as officers for 1941: Pres., Richard Schoenenberger; 1st V. P., June Foiz; Sec. V. P., Robert L. Brandt; Secy.-Treas., E. V. Thomas. Immediately after the election the officers had their pictures taken and the following day the picture appeared carrying this caption: "Leaders of Institute of Credit."

Detroit—A course in Problems of Credit Management is being offered in cooperation with Wayne Univ. during the second semester.

Indianapolis—Business & Professional Speech and Credit Management Problems are being offered as second semester courses in cooperation with Butler Univ. The Annual Fun-Nite was held this year at the Riviera Club. A serious note in the program was contributed by Clarence A. Jackson, head of the Gross Income Tax Dept. and Exec. V. P. of the Indiana State Chamber of Com., who talked on "S Curves Ahead."

Los Angeles—The matter of presenting a trophy as an award for unusual merit and accomplishment to students in the College of Commerce at Univ. of So. Calif. is under consideration at present. This Chapter has been unusually active this year, conducting well attended bi-monthly meetings.

Louisville—Roy A. Colliton, NACM Credit Interchange Director, spoke at the Feb. 18 meeting of the Louisville Chapter on "The Credit Profession's Sleepless Watchdog." E. L. Thomas of Harbison & Cathright is President of the Louisville Chapter.

Lubbock—The Wholesalers Credit News reports unusual enthusiasm on the part of those studying Credits and Collections under the able guidance of Dr. T. C. Root of the Bus. Admin. Dept. of the Texas Tech. College.

New York—The Ed. Com. laid plans for an Institute Senior Seminar. Last year 106 were enrolled in the seminar. This year the outlook is for increased registration. The Com. is tentatively planning sessions on Strategy and Techniques of Business Letter Writing and Psychology for Executives.

Omaha—Marketing and Merchandising is being offered as the second semester Institute course in cooperation with the Univ. of Omaha. The course is being taught by R. W. Blumenschein who formerly was on the faculty of the Univ. of Illinois.

Peoria—On Feb. 25 a joint meeting of the Assn. and Chapter was held, the program being turned over to the Ed. Com. This was in the nature of a "Graduation" dinner, the course in Business Law having been completed Feb. 24.

Pittsburgh—A Valentine Dance was conducted on Feb. 14 at the Norse Room, Fort Pitt Hotel. This dance inaugurated the first strictly social event for the Chapter and was an opportunity to celebrate the first semester's work.

Rochester—Salesmen's Night attracted a large meeting on Feb. 5. What the sales manager expects of the credit dept. was answered by Jack Knabb of Knabb Adver. Co., and what the credit manager expects of the sales department was expressed by Herb Bradshaw of Bausch & Lomb Opt. Co. Three courses are being offered by the Chapter during the second semester: Credits and Collections, Business Law and Public Speaking.

Obituary

Hugh C. Anderson:

Pittsburgh—One of the oldest and most honored members of the Credit Assn. of Western Pa. died here on Jan. 23. He was Hugh C. Anderson, who had been a member of the assn. since the year following its organization, as representative of the H. J. Heinz Co. He served on practically all of the active committees for a period of some 15 years and was active in the organization of the assn.'s first Adjustment Bureau and in the organized opposition to fraudulent bankruptcy failures.

Mother of Fred Schrop

Chicago—Word was received here on Feb. 18 telling of the death of the mother of Frederick H. Schrop, who is Acting Secretary of the Chicago ACM and will be Director of the New Orleans Credit Congress of the NACM in May. Mr. Schrop is also a past National Director of the Assn. Further details were unavailable at the time of writing as to services and other survivors.

Zebraffairs

Dear Fellow Zebras:

It won't be long now when good old Convention time rolls around again, and it's not too early to begin thinking about attending and making your plans.

You know, fellows, the past two years the Convention has been held in cities where no Zebra Herd was established. This year, as you all know, New Orleans has been chosen as the Convention City, and I'm telling you there's a real live wire Zebra Herd in that picturesque city. For months past the boys in the southern metropolis have been making plans for our enjoyment and they have lined up a Round-up "what am a Round-up." The boys really put it on way down there in New Orleans.

So much enthusiasm has been aroused about this wonderful trip that I have heard from quite a number of the Herds in various parts of the country stating that dances, stag parties and various other

methods are being used in order for the Zebra Herd to raise some money to send their Exalted Superzeb to the Convention as their delegate. It would certainly be a wonderful thing if each Herd in these United States would be represented at our Round-up. If some of you haven't done anything about it yet, why, it's not too late—let's see your delegate in New Orleans from May 11th to May 15th. For your additional information the latest dope is that the Round-up will be the evening of the 13th.

It would be swell, too, if Past Grand Exalted Superzeb Art Johnson of Los Angeles, Pa Perkins of Buffalo, Fred Cates of Los Angeles, Don Campbell of Chicago, and Floyd Ferguson of Cleveland, would all be there. It would be grand to see all of you fellows so make a special effort to attend.

You know, boys, a real vacation trip is being planned out here on the Pacific Coast. The gang from the Northwest is coming down through San Francisco, then on to Los Angeles for a day, and on to El Paso, with a stop of a day and a visit to the Carlsbad Caverns—and then on into New Orleans for the Convention. Similar trips are being planned in the other Divisions so it's my suggestion, fellows, to make plans immediately to get on the band wagon and have a real reunion in good old New Orleans.

I'll see you in this column next month.

Zebraically yours,
HERB KELLEY
Grand Exalted Superzeb.

Detroit:

The initiation meeting of the Detroit Herd, ROZ, was held on Feb. 21. Besides a group of 10 local members who were eligible for initiation there were also on hand five candidates from Toledo who were escorted to Detroit by 15 Toledo Zebras. The occasion witnessed the initiation of the largest class of candidates in the history of the local Herd.

Milwaukee:

Four lowly mules were put through the official ROZ ritual at the Jan. 30 initiation meeting of the Milwaukee Herd. They are H. V. Zeidler, L. J. Mueller Furnace Co.; Walter Kabitzke, J. J. Jones Co.; Emil Timm, Schulz Brothers Co., Sheboygan; Bill Leece, Winnebago Auto Replacement Co. The meeting also was entertained with a special act put on by Rudy Knorr and Don Graham.

Our Distaff Side

San Francisco C-women and Zebras broadcast

San Francisco—On Sunday afternoon, Jan. 19, in the studios of the National Broadcasting Co. here, a team comprised of three members of the local Credit Women's Club and a team of three members of the San Francisco Herd, ROZ,

rendered a half hour of educational entertainment for the radio audience.

Prof. Puzzlewit, a very entertaining radio star, who heads the program sponsored by the Gallenkamp Shoe Co., conducted a series of questions and answers. The treasuries of both the CWC and the Royal Order of Zebras were enriched by the appearance on this program of their respective teams, and not only provided a source of advertising for their respective groups but also for the firms they represented and their Assn. of Credit Men.

Those participating in the program for the Credit Women's Club were: Frances Corrigan, Tobacco By-Products Co.; Harriett Holmes, Incandescent Supply Co.; and Gertrude Tobin, The Wine Institute.

Representing the Royal Order of Zebras were: O. W. Layman, Union Ice Co.; W. R. Rowe, Golden State Co.; and J. E. Hamilton, Schmidt Lithograph Co.

Miss Gruen tops in Ohio examination for nurses

Cincinnati—In the recent Ohio State Nurses examination the name of Emily P. Gruen, daughter of past NACM President George J. Gruen, President, Gruen Watch Co., led all the rest of the 76 nurses. Her grade was 95.3. Miss Gruen is a graduate of the University of Cincinnati and its nursing school and is to be married in June to Mr. Arthur Seaman of Kennedy Heights, who is now a student in the University's Medical School. She holds a Bachelor of Science degree, as well as her nurse's diploma, and has been substituting as an instructor in chemistry and anatomy in the nursing school since her graduation last June.

Albuquerque:

Officers of the CWC were chosen at the Jan. 21 meeting. They are: *Pres.*, Lillian Dolde; *Vice Pres.*, Marjorie Hale; *Sec.*, Phyllis Cunningham; *Treas.*, Elizabeth Moore.

Binghamton:

With a novel advance notice that featured an airplane sky-writing the name of the individual receiving it, the Triple Cities Credit Women's Club announced its Charity Card Party which is to be held on March 11 at the American Legion Club House. This is the annual money raising campaign for the benefit of the scholarship fund. Individual table prizes and door prizes are announced, with a special prize for the club member selling the most tickets.

Chicago:

"Know Your Money" was the title of the motion picture presented by the United States Secret Service, Counterfeiting Dept., at the Feb. 11 meeting of the Chicago CWC held in the Merchandise Mart, Henrici's Restaurant. At this meeting members voted to change the annual meeting from fall to spring, in compliance with a request received from the National Credit Women's Exec. Comm.

Cincinnati:

The CWG of the Cincinnati ACM met at the Y. W. C. A. on Feb. 13 for a dinner meeting, at which time there was presented by Robert E. Horn, of the Canadian Pacific Railroad, a motion picture about Alaska.

Denver:

Election of officers for the current year featured the Jan. meeting of the CWC of Denver. Those chosen include: *Pres.*, Gertrude Faris, B. F. Goodrich Co.; *Vice Pres.*, Leila Rawalt, Merchants Biscuit Co.; *Sec.*, Otelia Gibson, Hallack & Howard Lumber Co.; *Treas.*, Marie Bresnahan, Hilb and Co.

El Paso:

The El Paso CWC entertained with a valentine dinner in the Cortez Hotel's El Paso Club on Feb. 14. A short comedy-drama was presented by the following members: Frances Tipton, D. C. Crowell & Co.; Vee Harris, State National Bank; Zinova Martin and Elizabeth Merrill, Zork Hardware Co.; Edna Courter, Union Mfg. Co.; Elizabeth Musgrove, Mortgage Investment Co.; Sue Betty Marshall & Edna Nichol, Newspaper Printing Corp.; and Dora Feldman, McKesson, Kelly & Pollar. Mildred Vance, Sec., was in charge of the play. Place cards were individual valentines, and this theme was carried out in the decorations. About 35 women attended, including prospects for membership.

Los Angeles:

The Feb. meeting of the CWC of Los Angeles was held in the Mayfair Hotel. At its Jan. meeting the group heard Frances Wilder, Director of Education and Personnel Manager of the Pacific Network, Columbia Broadcasting Co.

Minneapolis:

The Minneapolis WCW Club is justly proud of its unique February meeting. In-

stead of gathering at the usual time and place, the club arranged a meeting in St. Paul and invited all St. Paul credit women as guests. A chartered bus took the group to Alverdes restaurant where sixty attended the dinner planned by Helen Gaines and Mabel Peterson.

Cooperating with the NACM, the Minneapolis WCWC has for some time been endeavoring to interest the St. Paul credit women in forming a club. Ethel Simpson, President, and Harriet O'Brien, who is a member of the National Women's Executive Committee, extended greetings and reviewed the benefits to be derived from organization. T. E. Reynolds, Secretary of the St. Paul ACM also spoke on this subject.

Colored motion pictures of a vacation trip in Yellowstone National Park were then shown by E. E. Schoen. St. Paul guests were winners of two of the three door prizes which had been provided. Following adjournment the group watched the Winter Carnival Parade and returned to Minneapolis by bus, visiting the Ice Palace at Como Park en route.

New York:

The New York CWG had the privilege of listening to a most practical and informative talk on "Dangers Inherent in a Rising Price Level" by Prof. Rudolf K. Michels, Chairman, Department of Business Economics, Hunter College, at its dinner meeting on Feb. 4. Pres. Pearl Rose Knoll, The Andrew Jergens Co., presided.

Announcement was made by Education Chairman Marion E. King, Hudnut Sales Co., that Josephine Hammond, Head of the Vocational Guidance Comm., Hunter College, had arranged a tea and inspection of the new Hunter College Bldg. for the Group on Feb. 27. Last year members of the Group cooperated with Miss Hammond in permitting seniors of the college to call on them and see at first hand how a business office is conducted. It was felt such visits would enable the girls to determine whether they wished to make business their career.

In extending the invitation Miss Ham-

mond wrote, in part, "You have felt, I am sure, that very often liberal arts colleges become divorced from the realities of life and while we have no intention of correcting all the ills of education at a casual tea, we feel that college and business people should meet more frequently than they do."

Philadelphia:

"Democracy" was the subject under discussion at the Feb. 13 dinner meeting of the Philadelphia CWC in Whitman's Restaurant. The speaker was Mrs. Ellis A. Schnable. Hostesses for the meeting were Marie E. W. Spratt and Sara B. Cathrall. The March meeting of the Club will hear the report of the nominations committee appointed in January. Elections are scheduled for the April meeting. At the January meeting announcement was made that the local Club had joined the Philadelphia Federation of Women's Clubs and Allied Organizations.

Pittsburgh:

Major Harold H. Herwitt discussed the necessity for an adequate national defense at the Feb. 24 meeting of the Pittsburgh CWC at the Congress of Clubs. Major Herwitt is stationed in Pittsburgh as Unit Instructor for Coast Artillery Reserve Units in the Second Military Area.

At the March meeting Alleen Harrison, Chairman of the National Credit Women's Exec. Comm., will be the Club's guest. She will discuss association and credit women's matters as well as the New Orleans Credit Congress in May.

Rochester:

Two speakers were on the program for the Feb. meeting of the Rochester CWG. The first was Walter Sullivan of the Lincoln-Alliance Bank and Trust Co., who discussed personal loans. He was followed by Wm. Delgado, who manages the export dept. of the Defender Photo Supply Co. His subject was "South America."

San Francisco:

The regular meeting of the San Francisco CWC was held on Feb. 12 at the Women's City Club. A representative of a San Francisco travel advisory service showed a colored travelogue on the Yukon, Alaska, and St. Lawrence territories, after which the group held a business meeting to discuss, among other matters, the educational program being sponsored and the Helen Pouch Scholarship plans. The meeting was presided over by Pres. Idelle McDaniels, who it is expected will be the Club's delegate to the National Credit Congress in New Orleans in May.

Utica:

The CWG of Utica opened the year with a membership of 31. Meetings thus far this year have featured a spaghetti supper followed by a visit to the Oneida County Historical Society in January, and a dinner meeting on Feb. 11 in the Imperial Restaurant.



Plan Binghamton C-women activities

Binghamton—At a recent special meeting of the executive board of the Triple Cities Credit Women's Club a resolution was drafted amending the by-laws to change the date of the election of club officers from October to May. This was done in

response to the suggestion by National Secretary Jane Heady in the interests of uniformity of election dates. In the above picture you see, l. to r.: Marie Patterson; Katherine Gee, Treas.; Bess Havens, Councillor; Ruth Buckley, Pres.; Juanita Donahue, Vice Pres.; Thelma Cottrell, Sec.; Henrietta Space; Helen Neilson and Dorothy Couse.

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Credit Features of Uncle Sam's Defense Program

FM The Association's Washington office is receiving an increasing number of letters from companies which have furnished material to general contractors and subcontractors on defense projects, complaining about delays in receiving payment of their accounts. Most of the difficulties reported have been in connection with transactions on the cost-plus fixed fee construction contracts, where the Miller Act payment bond has been waived. In some cases the purchaser of materials has taken the discount although payment was made after the expiration of the discount period.

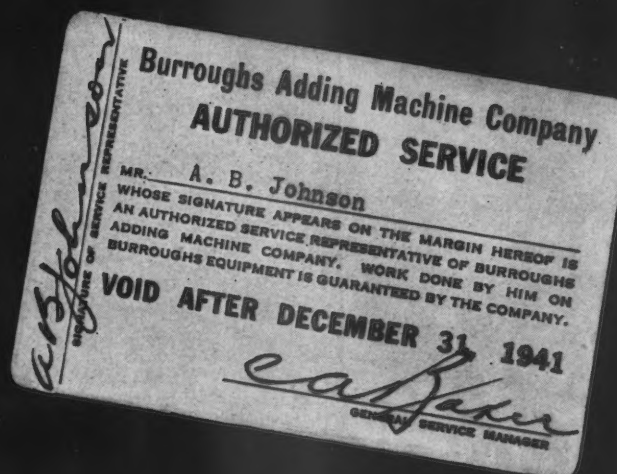
It has not been possible to determine the extent to which these delays result from the heavy burden of work in the disbursing offices of the government in Washington or from conditions in government field offices and at the site of the projects. From the letters which have been received from members, however, it would appear that the handling of vouchers at some of the projects—particularly some of the Army cantonment jobs—is contributing to the slowing down of the disbursement procedure.

It also appears that at least some of the delay is attributable to the extensive routine and paper work which is performed in connection with the cost plus fixed fee contracts. An important part of that work involves the checking of receipts submitted by the general contractor to determine the amount which the contractor is entitled to receive as payment from the government for the work performed.

On the lump sum and other types of contracts where the general contractor is still required to provide a payment bond, under the terms of the Miller Act, the unpaid material supplier can, of course, institute action under the bond to obtain payment. As that protection does not exist where the Miller Act has been waived many firms are uncertain as to how they should proceed when they experience delays in receiving payment of their accounts.

It is recommended that the first

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step which should be taken by an unpaid vendor of materials in such cases is a full report of the situation to the contracting officer and, if the contracting officer is located in Washington, to the field engineer or other officer of the government in charge of the work at the site of the project. If a first letter of that kind, explaining the collection difficulty, does not produce results, and if the general contract involved is with the War Department, the unpaid material supplier should again write to the contracting officer requesting direct payment of the account by the government.

The Association's Washington representative is endeavoring to keep officials of the Defense Commission and of the War and Navy Departments advised about aspects of the defense program affecting credit conditions. If members who are experiencing unusual collection difficulties in connection with their sales to general contractors and subcontractors on defense projects will write to the Association's Washington office, 815-Bowen Building, 815-15th Street, Northwest, Washington, D. C., giving complete particulars of the situation the matter can be promptly presented to the proper authorities for their consideration.

State Sales Taxes on Defense Orders

MANY firms which have received or expect to receive orders for defense materials have asked whether those transactions are subject to state sales taxes.

It is understood that a few states have informally indicated their willingness to grant an exemption on purchases made by contractors on national defense contracts. There appears, however, to be no definite agreement between the federal government and the states with regard to such exemption and the states which grant the exemption are retaining the right to revoke their decision. Apparently that was done in the case of California.

In two states—Ohio and South Dakota—it appears to be the consistent policy to grant an exemption from the sales tax in connection with these defense orders. In most of the other states, however, the matter is still highly indefinite.

There is a pending test case in Mississippi which may settle this

question or at least some aspects of the question. The case involves an attempt by the State of Mississippi to levy taxes on transactions involved in the cantonment job at Camp Shelby, Mississippi. The decision in that case is likely to have a material bearing on the situation in other states.

The Defense "Farming Out" Program

THE program of the Defense Advisory Commission to encourage the "farming out" of defense production, through more subcontracting, has important credit implications. Basically, the purpose of the program is to spread defense production work over a larger proportion of the country and utilize all available production facilities for defense purposes, wherever those facilities may be located. The plan is to encourage prime contractors to employ, to the greatest possible extent, subcontractors to handle separate elements of the contract which might ordinarily be produced by the prime contractor.

If this program is successful it will achieve at least two important results. It will more generally spread defense production expenditures throughout the country, with a consequent increase in purchasing power in some sections of the country which otherwise might only benefit indirectly and much more slowly from the enormous defense spending. It will also bring a great many more companies, primarily small and medium sized firms, into the orbit of the defense program.

It is the latter result of the "farming out" program in which credit executives will be particularly interested because the granting of defense subcontracts to small and medium sized firms would almost certainly increase the purchases of those firms and consequently increase their credit requirements.

In a recent bulletin published by the Labor Division of the National Defense Advisory Commission the following paragraph appears:

"Financial help to subcontractors is also a matter concerning which the prime contractor, for his own safety, must proceed with care. Several alternative or supplementary courses are open. First, the prime contractor may simply assure the banks or other financing agencies that the firm to be aided has a subcontract and would therefore represent a good risk.

Second, he may pay the subcontractor's bills the minute inspectors pass the finished work, thus sometimes saving thirty days over routine credit procedure. Third, raw materials may be provided directly and without charge to the subcontractor, including perhaps a 5% to 10% overrun for scrap. Fourth, money may be advanced to the subcontractor and in proportion to the amount of work actually done as of a given date, perhaps limiting this to cash actually paid out for direct labor."

It is, of course, a matter of importance to companies which will receive orders for material from subcontractors involved in the "farming out" program that the subcontractors possess adequate finances to perform the subcontract satisfactorily and that adequate provision has been made for prompt payments to them. In view of the waiver of the Miller Act payment bond on the cost plus fixed fee contracts the adequacy of the working capital of the subcontractors and the promptness with which they receive payment from the prime contractors are more than ordinarily important elements in determining the credit risk involved in an order.

Financial Assistance to Defense Subcontractors

THERE has been a great deal of uncertainty, particularly among material suppliers which have received orders from subcontractors on defense projects, as to the existence of any special means whereby subcontractors may obtain financial assistance in connection with the performance of their subcontracts. In this connection the following quotation from a recent address by Mr. John W. Snyder, Vice President of the Defense Plant Corporation of the Reconstruction Finance Corporation, is interesting:

"Where the subcontractor, or sub-supplier, has other collateral of an acceptable character to hypothecate his security, or where his earnings record is particularly good, satisfactory arrangements can usually be made for . . . financing. In this respect banking institutions should not overlook the possibility of an arrangement whereby a single loan to the primary contractor, secured by an assignment of the monies coming due under his contract with the government, may be used to finance not only

the primary contract but also the subcontract as well, the primary contractor making appropriate advances to the subcontractors out of the loan proceeds."

"Inasmuch as the primary contract usually provides sufficient funds to pay all the costs of performance, such an arrangement should not be lacking in feasibility. It is understood that the Defense Commission is presently preparing a new standard form of contract to be used by subcontractors with the aim in view that it will be acceptable as collateral by banking institutions. If such an arrangement contemplates the government becoming a direct party to the subcontract it will render the claims thereunder assignable under the Assignment of Public Claims Act, and will thereby remove any legal objection to the contingent nature of the obligation."

If the development mentioned in the last paragraph of the above quotation works out as contemplated another avenue of financing will be made available to subcontractors. In that case many subcontractors who may become involved in the defense program may be placed in a better financial position to meet their obligations.

A bulletin entitled, "The Problems and Organization of Farming Out," has been published by Mr. Morris L. Cooke, Labor Division, National Defense Advisory Commission, Federal Reserve Building, Washington, D. C. This bulletin gives general information concerning the scope and operation of the program. Copies may be obtained by writing direct to Mr. Cooke at the address given.

Obtain Defense Information from Association's Washington Office

ASSOCIATION members are again reminded that the Association's Washington Service Bureau, 815 Bowen Building, 815-15th Street, N. W., Washington, D. C., is prepared to answer inquiries concerning the above matters and other aspects of the defense program. A large number of members throughout the country have submitted inquiries of this kind to the Washington Service Bureau in recent months and similar inquiries from other members are invited.

"Insurance Protection Carried"

The Financial Statement form as recently revised by the National Association of Credit Men carries the above interesting heading. The following questions must be answered. "How much fire insurance on merchandise? Building? Furniture and equipment?" "Have you had a recent insurance analysis made by a competent insurance agent?"

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Postal Telegraph

PREPAREDNESS — THE KEY-NOTE OF TODAY

PREPAREDNESS is not a new word to those responsible for the development of Millers National in the past, nor is it to its present management. Policyholders' security has always come first in its conduct of business.

So today the financial statements of both Millers National and its companion company, Illinois Fire, disclose these things—a high degree of liquidity, strong reserves, high grade investments—all of which are strong preparedness measures.

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Insurance Company
HOME OFFICE: CHICAGO

Business Books

THE MANUFACTURER AND INSURANCE. By Lawrence S. Myers. 1940 Edition. The National Underwriter Company, Cincinnati, Ohio.

For the business man seeking information about the various insurance coverages which might affect his future progress, this book by Lawrence Myers will be found quite helpful. Although Mr. Myers is an insurance broker being connected with the Marsh and McLennan organization in Chicago, he writes from the standpoint of the layman in most of his books.

The Myers' book is divided into eight parts, the first part covering Fire and Collateral Lines such as Explosion, Riot and Civil Commotion, Windstorm, Earthquake, Sprinkler Leakage, etc. Part II takes up a type of insurance coverage which is studied by financial officers in the industrial field quite extensively at present. This is what is known as Use and Occupancy or Loss of Use Insurance.

Under Part III the author discusses Marine Coverage, that is, protection of cargoes both inland and on the ocean. Part IV is devoted to Boiler and Machinery Lines; Part V, primarily Robbery and Fidelity Bonds and check forgery and alterations; Part VI, Liability Insurance; Part VII, Miscellaneous Lines; and Part VIII, Fire, Accident and Miscellaneous Loss Prevention.

The author takes up the contract forms and all of these various coverages, and, because such subjects are entailed in rather deep legal matters, his discussions of them seem a bit confused at times.

MEN AND VOLTS. By John Winthrop Hammond. J. B. Lippincott Company, Philadelphia. Price, \$2.50.

Every manufacturer connected in any way with the electrical industry will be interested in Mr. Hammond's new book "Men and Volts." While this volume is primarily a story of the pioneer effort of Edison, Steinmetz and others to make electric light and power the servant of man, it also gives a very interesting summary of the early mergers that resulted in the General Electric Company. The title

pages carries the sub-title, "The Story of General Electric" which in itself should be of sufficient interest to those making a study of business history.

INDUSTRIAL BANKING COMPANIES AND THEIR CREDIT PRACTICES. By Raymond J. Saulnier, National Bureau of Economic Research, New York. Price, \$2.00.

The instalment credit fraternity owes a heavy debt to the National Bureau of Economic Research for its series of studies in consumer instalment financing. The volume mentioned above, **INDUSTRIAL BANKING COMPANIES AND THEIR CREDIT PRACTICES** is No. 4 in the series put out by the National Bureau of Economic Research.

No. 5 in this series is entitled **GOVERNMENT AGENCIES OF CONSUMER INSTALMENT CREDIT**, by Joseph D. Coppock,



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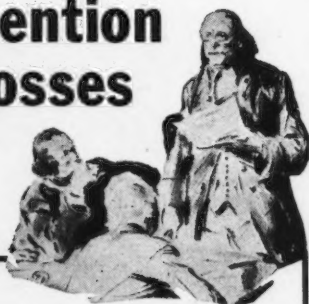
and No. 6 is entitled THE PAT-
TERN OF CONSUMER DEBT,
1935-36, by Blanche Bernstein. Any
person interested in instalment credit
work or so-called industrial banking
operation should have this complete
series of studies made by the Na-
tional Bureau of Economic Research
in their business libraries.

It would be difficult to review these
last three additions to the series
within the limits of the space allotted
here. It might be mentioned, how-
ever, that the subjects covered might
be classified as answers to questions
that anyone might ask upon taking up
the industrial loan business. For
those directly interested in this type
of work, we do not know of any more
authoritative material available than
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**NEW YORK CASES ON BUSI-
NESS LAW.** By O'Neill &
O'Connell. Fordham University
Press.

Those credit executives who find
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"Sales," "Suretyship," etc. Each
one of these subjects is sub-divided
under important titles. For instance,
under "Contracts," "Competency of
the Parties," "Offer and Acceptance,"
"Consideration," etc., are discussed
by presenting a summary of some of
the recent cases decided in New York
State affecting these points.

While this volume is intended as a
reference book in business law
courses in college, it is also a handy
guide for attorneys and those called
upon to make a thorough study of
specific points in business law.

**THE OUTPUT OF MANUFAC-
TURING INDUSTRIES, 1899-
1937.** By Solomon Fabricant, Na-
tional Bureau of Economic Re-
search, New York. 685 pages.
\$4.50.

Those interested in knowing
whether America can "come through"
in its gigantic defense program will
find the book by Solomon Fabricant
very instructive. This book offers a
comprehensive survey of the output
of American factories during the
period 1899 to 1937. One of the
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UNITED STATES RESOURCES DECEMBER 31, 1940

Year Estab- lished		ADMITTED ASSETS	LIABILITIES	CAPITAL	SURPLUS TO POLICYHOLDERS (Includes Capital)	
					Annual Statement Basis	Market Values Dec. 31, 1940
1896	American & Foreign Insurance Company	\$ 6,866,990	\$ 1,562,483	\$1,500,000	\$ 5,304,507	\$ 5,540,727
1863	The British & Foreign Marine Ins. Co., Ltd.†	3,442,409	988,289	500,000*	2,454,120	2,675,780
1911	Capital Fire Insurance Company of California	2,250,387	364,800	1,000,000	1,885,586	2,009,163
1922	Eagle Indemnity Company	10,018,133	7,518,133	1,000,000	2,500,000	2,925,176
1908	Federal Union Insurance Company	3,301,609	1,072,806	1,000,000	2,228,804	2,424,595
1911	Globe Indemnity Company	42,316,964	32,316,964	2,500,000	10,000,000	12,015,984
1836	The Liverpool & London & Globe Ins. Co. Ltd.† . . .	18,287,494	10,372,843	500,000*	7,914,651	8,769,063
1811	The Newark Fire Insurance Company	10,417,236	3,545,839	2,000,000	6,871,396	7,351,585
1891	Queen Insurance Company of America	23,763,366	9,881,655	5,000,000	13,881,711	15,039,029
1910	Royal Indemnity Company	35,667,433	28,167,433	2,500,000	7,500,000	9,442,585
1845	Royal Insurance Company, Ltd.†	21,563,924	10,721,475	500,000*	10,842,449	11,961,957
1924	The Seaboard Insurance Company	1,559,603	362,325	600,000	1,197,277	1,266,279
1896	Star Insurance Company of America	6,004,694	2,835,538	1,000,000	3,169,155	3,481,852
1860	Thames & Mersey Marine Insurance Co., Ltd.† . . .	2,040,150	888,764	250,000*	1,151,386	1,260,108

† U. S. Branch
* Statutory Capital

Admitted Assets of All Companies include
securities deposited as required by law.

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The Business Thermometer:

Sales of wholesalers, based upon reports from 2,732 firms representing all parts of the country, were 18 per cent greater in January than during the same month a year ago, it was announced by Vergil D. Reed, Acting Director, Bureau of the Census. This is the highest gain shown in this series since April 1937, and indicates an acceleration of the rise in sales reported through the last quarter of 1940.

A definite upward movement in wholesale trade is shown by the fact that each month of the past two years, except September 1940, registered gains over the comparable month of the preceding year. Retail sales of 23,398 independent stores in January were 14 per cent above January 1940 according to another monthly survey of the Bureau of the Census.

In connection with this monthly joint study of the National Association of Credit Men and the Bureau of the Census, these wholesalers reported dollar sales amounting to \$211,550,000 in January, which were 3 per cent below December 1940.

This seasonal drop was the smallest experienced in the five years covered by this survey. Sales are shown as reported, without adjustment for seasonal or price fluctuations.

Thirty-three of the 36 lines of trade reported sales during January greater than those in the previous year, while three showed a decrease. Six trades showed gains of 40 per cent or more, compared with a year ago, led by wholesalers of metals with an increase of 73 per cent. Six other trades showed gains of 20-40 per cent. Sales of 377 firms in the Hardware Group were up 33 per cent; wholesalers of plumbing and heating supplies recording gains amounting to 51 per cent. Increases over the previous year were shown for all groceries and food products lines.

The cost value of inventories on hand at the end of January for 1,688 wholesalers was up 6 per cent from the beginning of the month, and was 6 per cent over January 31, 1940. January is the eighteenth consecutive month in which the dollar volume of inventories was at a higher level than

in the corresponding month of the year before.

In 25 of the lines for which data are reported, inventory expansions fell short of sales increases, in comparison with January 1940. In 7 lines inventories increased more (or decreased less) than the percentage change in sales. As a whole, the stock-sales ratio fell from 184 in January 1940 to 165 in January 1941. During January the usual change in the inventory position of wholesalers was experienced, the closing ratio—165—being appreciably above that of December 31, 1940—147.

Collections on accounts receivable for 2,249 wholesalers continued at the same rate in January that had been reported by these same establishments for December 1940. In previous years, the tendency has been for the collection rate to fall from December to January. The collection ratio for January 1941 was 76, a rise of one point from January 1940. Accounts receivable were 13 per cent greater on January 1, 1941 than at the same date in 1940.

Index of Value of New Orders Received by Manufacturers (January 1939 = 100)

Industry	1940												1939	
	Dec. (r)	Nov. (r)	Oct.	Sept.	Aug.	July	June	May	Apr.	Mar.	Feb.	Jan.	Dec. (r)	Nov. (r)
TOTAL, ALL INDUSTRIES*	172	171	172	164	130	127	133	121	110	106	101	104	108	122
Total, Durable Goods*	252	237	235	211	163	159	157	141	118	112	103	103	115	148
Total, Nondurable Goods	120	129	131	133	108	107	118	109	105	101	99	103	104	106
Durable Goods														
Iron and Steel and Their Products	216	214	211	199	140	151	161	145	104	101	81	90	116	151
Electrical Machinery	294	258	253	228	208	190	168	141	131	129	129	123	115	144
Other Machinery	267	209	231	212	167	154	159	141	133	125	119	118	114	137
Other Durable Goods	282	292	269	225	179	162	144	135	123	113	115	116	115	155
														(r)

(p) Preliminary.

(r) Revised.

Note: This index is constructed on a daily average basis excluding Sundays and principal holidays.

* Excludes railroad equipment industry for December 1940.

Percent Change in Value of Manufacturers Unfilled Orders Durable Goods Industries (April through December 1940)

Industry	Percent Change									
	Dec. from Nov. (r)	Nov. from Oct.	Oct. from Sept.	Sept. from Aug.	Aug. from July	July from June	June from May	May from Apr.	Apr. from Mar.	Dec. 1940 from Dec. 1939
Iron and Steel and Their Products	+ 6	+14	+12	+12	+ 1	+ 9	+10	+ 8	- 3	+55
Electrical Machinery	+16	+14	+20	+18	+19	+17	+ 8	+1	0	+207
Other Machinery	+15	+ 8	+21	+13	+ 8	+ 6	+ 5	+ 1	0	+166
Other Durable Goods	+10	+18 (r)	+21	+32	+10	+15	+13	0	- 7	+170
All Durable Goods Reported	+12	+14 (r)	+18	+19	+10	+12	+ 9	+ 3	- 2	+136

Note: The percent changes shown are based on unweighted aggregates of the reported data.

(r) Revised.

WHOLESALESAERS' accounts receivable and collections, January, 1941

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		January 1941	January 1940	December 1940	Percent change January 1941 from		As of January 1, 1941 (000's)
					January 1940	Dec. 1940	
Automotive supplies.....	138	63	60	64	+ 8	-12	3,516
Chemicals (industrial).....	19	84	80	90	+ 6	-**	891
Paints and varnishes.....	30	38	34	46	+ 3	- 8	1,143
Clothing and furnishings, except shoes.....	39	47	55	52	+15	-17	3,829
Shoes and other footwear.....	33	45	45	49	+ 8	-14	8,407
Coal.....	9	86	99	83	+13	+ 3	1,386
Drugs and sundries (liquor excluded).....	103	73	72	68	+ 10	- 3	10,406
Dry goods.....	94	50	48	55	+ 1	-18	19,028
Electrical goods.....	307	69	66	75	+24	+14	34,857
Dairy and poultry products.....	12	140	144	169	+ 8	-**	877
Fresh fruits and vegetables.....	57	143	140	143	+ 4	+**	931
Farm supplies.....	6	94	105	98	+12	+ 3	324
Furniture and house furnishings.....	50	51	51	54	+15	- 9	6,782
Groceries and foods, except farm products.....	478	102	100	101	+ 6	- 5	32,614
Full-line wholesalers.....	229	95	94	96	+ 6	- 6	12,555
Voluntary-group wholesalers.....	149	101	98	101	+ 5	- 3	13,485
Retailer-cooperative warehouses.....	17	175	177	172	+ 9	-14	1,371
Specialty lines.....	83	101	104	96	+10	- 6	5,203
Confectionery.....	13	83	84	84	+ 7	0	276
Meats and meat products.....	70	167	175	151	+19	+ 3	10,251
Beer.....	15	67	68	76	+ 5	- 1	89
Wines and liquors.....	22	75	83	78	+20	- 5	4,310
Liquor department of other trades.....	16	72	84	84	+36	+14	2,406
Total hardware group.....	355	63	59	66	+20	- 7	40,353
General hardware.....	113	56	53	61	+13	-10	23,387
Heavy hardware.....	22	90	81	90	+24	- 6	1,886
Industrial supplies.....	116	78	71	79	+25	+ 1	7,512
Plumbing and heating supplies.....	104	61	60	64	+35	- 4	7,568
Jewelry.....	27	55	52	23	+13	+ 6	6,008
Optical goods.....	20	65	66	65	+ 5	- 8	284
Lumber and building materials.....	34	64	66	69	+21	-10	2,183
Machinery, equipment and supplies, except electrical.....	49	59	50	54	+31	+ 7	4,064
Surgical equipment and supplies.....	22	50	49	48	+ 6	- 4	945
Metals.....	17	89	81	82	+30	+ 3	2,456
Paper and its products.....	77	61	61	59	+ 5	- 3	8,230
Petroleum.....	6	133	144	131	+ 5	-11	753
Tobacco and its products.....	98	120	123	124	+ 4	- 4	7,821
Leather and shoe findings.....	9	35	33	36	- 5	- 1	202
Miscellaneous.....	24	113	107	105	+ 3	-18	3,578
United States.....	2,249	76	75	76	+13	- 4	\$228,200

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

**Less than 0.5 percent.

WHOLESALESAERS' sales and inventories, January, 1941

Kind of Business	Dollar Sales				End of Month Inventories (Cost)			Stock-Sales Ratios*			
	Number of firms reporting sales	Percent change January 1941 from		January 1941 (000's)	Number of firms reporting stocks	Percent Change January 1941 from		Jan. 31, 1941 (000's)	January 1941	January 1940	Dec. 1940
		January 1939	January 1940			January 1940	Dec. 1940				
Automotive supplies.....	190	+ 2	-12	3,372	90	+ 5	- †	3,932	254	244	241
Chemicals (industrial).....	19	+19	+ 9	878	13	+ 6	- 1	438	66	80	75
Paints and varnishes.....	33	+22	+24	584	12	+ 7	+18	966	239	265	251
Clothing and furnishings, except shoes.....	44	- 8	+10	1,672	25	-14	+12	1,019	256	288	153
Shoes and other footwear.....	36	+34	+38	12,400	24	- 5	+13	7,701	134	163	187
Coal.....	9	-12	+ †	1,152	—	—	—	—	—	—	—
Drugs and sundries (liquor excluded).....	129	+12	+12	19,850	84	+11	+ 5	19,544	156	173	167
Dry goods.....	105	+10	+10	10,186	60	- 7	+11	16,482	246	293	241
Electrical goods.....	326	+40	-24	23,256	280	+23	+16	24,904	115	131	76
Dairy and poultry products.....	13	+ 4	-20	1,327	8	+23	+ 3	210	32	26	27
Fresh fruits and vegetables.....	73	+11	- 8	3,190	45	+ 7	+ 4	479	36	35	33
Farm supplies.....	9	+ 8	+44	495	—	—	—	—	—	—	—
Furniture and house furnishings.....	60	+25	-12	3,328	33	- 2	+18	6,867	316	396	228
Groceries and foods, except farm products.....	643	+10	+ 8	45,617	394	+ †	+ 4	43,639	155	168	164
Full-line wholesalers...#	336	+10	+ 9	18,484	196	+ 2	+ 6	18,832	168	181	172
Voluntary-group wholesalers.....	181	+11	+ 6	17,357	126	- 2	+ 3	18,970	181	204	190
Retailer-cooperative warehouses.....	21	+ 8	+13	3,295	10	- 2	- 2	2,223	110	118	129
Specialty lines.....	105	+ 6	+11	6,481	62	+ 6	- 2	3,614	81	80	96
Confectionery.....	19	+10	-17	323	11	+ 7	+14	159	75	76	56
Meats and meat products.....	83	+15	+15	17,921	56	+21	+10	3,781	51	50	50
Beer.....	33	+11	-19	267	21	+22	+14	100	60	55	44
Wines and liquors.....	24	+ 4	-43	2,502	18	+41	+ 1	6,400	309	231	171
Liquor department of other trades...#	36	+ 4	-52	2,989	16	+19	- 9	2,785	251	225	144
Total hardware group.....	377	+33	- 7	28,651	244	+11	+ 7	51,762	263	315	229
General hardware.....	123	+26	-10	15,649	75	+ 9	+ 9	34,271	310	359	255
Heavy hardware.....	23	+43	+12	1,932	16	+17	+ 3	3,493	200	248	218
Industrial supplies.....	127	+35	+ 1	6,617	83	+12	+ 2	9,673	210	266	209
Plumbing and heating supplies.....	104	+51	-13	4,453	65	+23	+ 7	4,325	191	226	152
Jewelry.....	35	+62	-60	1,175	17	+17	+15	1,898	337	475	135
Optical goods.....	23	+15	+16	244	10	+ 7	0	104	118	128	142
Lumber and building materials.....	35	+50	-10	1,334	22	+ 3	+ 2	1,589	187	283	178
Machinery, equipment and supplies, except electrical.....	56	+33	- 7	2,830	40	+ 8	- 1	4,598	203	251	191
Surgical equipment and supplies.....	23	+ 9	- 3	521	12	+ 5	- 2	540	157	165	150
Metals.....	18	+73	+19	2,565	11	+15	- 4	2,557	135	202	162
Paper and its products.....	89	+ 8	+ 5	5,719	44	- 2	+ †	4,561	154	166	160
Petroleum.....	8	-10	- 7	1,016	7	- 8	+13	663	66	64	54
Tobacco and its products.....	144	+ 4	-21	10,877	60	- 1	+ 6	3,285	58	60	44
Leather and shoe findings.....	10	+ 2	+ 6	144	—	—	—	—	—	—	—
Miscellaneous.....	30	+14	+ 9	5,165	28	+ 8	- 6	9,023	183	186	222
United States.....	2,732	+18	- 3	\$211,550	1,688	+ 6	+ 6	\$219,986	165	184	149

* These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

† Less than 0.5 percent.

— Insufficient data to show separately.

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‡ Chiefly of the wholesale drug trade.